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1ST SESSION

H. R. 4

IN THE SENATE OF THE UNITED STATES

FEBRUARY 13, 2003

Received; read twice and referred to the Committee on Finance

AN ACT

To reauthorize and improve the program of block grants to States for temporary assistance for needy families, improve access to quality child care, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Personal Responsi-
3 bility, Work, and Family Promotion Act of 2003”.

4 **SEC. 2. TABLE OF CONTENTS.**

5 The table of contents of this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. References.
- Sec. 4. Findings.

TITLE I—TANF

- Sec. 101. Purposes.
- Sec. 102. Family assistance grants.
- Sec. 103. Promotion of family formation and healthy marriage.
- Sec. 104. Supplemental grant for population increases in certain States.
- Sec. 105. Bonus to reward employment achievement.
- Sec. 106. Contingency fund.
- Sec. 107. Use of funds.
- Sec. 108. Repeal of Federal loan for State welfare programs.
- Sec. 109. Universal engagement and family self-sufficiency plan requirements.
- Sec. 110. Work participation requirements.
- Sec. 111. Maintenance of effort.
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- Sec. 114. Direct funding and administration by Indian tribes.
- Sec. 115. Research, evaluations, and national studies.
- Sec. 116. Studies by the Census Bureau and the General Accounting Office.
- Sec. 117. Definition of assistance.
- Sec. 118. Technical corrections.
- Sec. 119. Fatherhood program.
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- Sec. 121. Sense of the Congress.
- Sec. 122. Extension through fiscal year 2003.

TITLE II—CHILD CARE

- Sec. 201. Short title.
- Sec. 202. Goals.
- Sec. 203. Authorization of appropriations.
- Sec. 204. Application and plan.
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- Sec. 206. Report by secretary.
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TITLE III—CHILD SUPPORT

- Sec. 301. Federal matching funds for limited pass through of child support payments to families receiving TANF.

- Sec. 302. State option to pass through all child support payments to families that formerly received TANF.
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- Sec. 308. Use of tax refund intercept program to collect past-due child support on behalf of children who are not minors.
- Sec. 309. Garnishment of compensation paid to veterans for service-connected disabilities in order to enforce child support obligations.
- Sec. 310. Improving Federal debt collection practices.
- Sec. 311. Maintenance of technical assistance funding.
- Sec. 312. Maintenance of Federal Parent Locator Service funding.

TITLE IV—CHILD WELFARE

- Sec. 401. Extension of authority to approve demonstration projects.
- Sec. 402. Elimination of limitation on number of waivers.
- Sec. 403. Elimination of limitation on number of States that may be granted waivers to conduct demonstration projects on same topic.
- Sec. 404. Elimination of limitation on number of waivers that may be granted to a single State for demonstration projects.
- Sec. 405. Streamlined process for consideration of amendments to and extensions of demonstration projects requiring waivers.
- Sec. 406. Availability of reports.
- Sec. 407. Technical correction.

TITLE V—SUPPLEMENTAL SECURITY INCOME

- Sec. 501. Review of State agency blindness and disability determinations.

TITLE VI—STATE AND LOCAL FLEXIBILITY

- Sec. 601. Program coordination demonstration projects.
- Sec. 602. State food assistance block grant demonstration project.

TITLE VII—ABSTINENCE EDUCATION

- Sec. 701. Extension of abstinence education program.

TITLE VIII—TRANSITIONAL MEDICAL ASSISTANCE

- Sec. 801. Extension of medicaid transitional medical assistance program through fiscal year 2004.
- Sec. 802. Adjustment to payments for medicaid administrative costs to prevent duplicative payments and to fund extension of transitional medical assistance.

TITLE IX—EFFECTIVE DATE

- Sec. 901. Effective date.

1 **SEC. 3. REFERENCES.**

2 Except as otherwise expressly provided, wherever in
3 this Act an amendment or repeal is expressed in terms
4 of an amendment to, or repeal of, a section or other provi-
5 sion, the amendment or repeal shall be considered to be
6 made to a section or other provision of the Social Security
7 Act.

8 **SEC. 4. FINDINGS.**

9 The Congress makes the following findings:

10 (1) The Temporary Assistance for Needy Fami-
11 lies (TANF) Program established by the Personal
12 Responsibility and Work Opportunity Reconciliation
13 Act of 1996 (Public Law 104–193) has succeeded in
14 moving families from welfare to work and reducing
15 child poverty.

16 (A) There has been a dramatic increase in
17 the employment of current and former welfare
18 recipients. The percentage of working recipients
19 reached an all-time high in fiscal year 1999 and
20 continued steady in fiscal years 2000 and 2001.
21 In fiscal year 2001, 33 percent of adult recipi-
22 ents were working, compared to less than 7 per-
23 cent in fiscal year 1992, and 11 percent in fis-
24 cal year 1996. All States met the overall par-
25 ticipation rate standard in fiscal year 2001, as
26 did the District of Columbia and Puerto Rico.

1 (B) Earnings for welfare recipients re-
2 maining on the rolls have also increased signifi-
3 cantly, as have earnings for female-headed
4 households. The increases have been particu-
5 larly large for the bottom 2 income quintiles,
6 that is, those women who are most likely to be
7 former or present welfare recipients.

8 (C) Welfare dependency has plummeted.
9 As of June 2002, 2,025,000 families and
10 5,008,000 individuals were receiving assistance.
11 Accordingly, the number of families in the wel-
12 fare caseload and the number of individuals re-
13 ceiving cash assistance declined 54 percent and
14 58 percent, respectively, since the enactment of
15 TANF. These declines have persisted even as
16 unemployment rates have increased: unemploy-
17 ment rates nationwide rose 50 percent, from
18 3.9 percent in September 2000 to 6 percent in
19 November 2002, while welfare caseloads contin-
20 ued to decline.

21 (D) The child poverty rate continued to de-
22 cline between 1996 and 2001, falling 20 percent
23 from 20.5 to 16.3 percent. The 2001 child pov-
24 erty rate remains at the lowest level since 1979.
25 Child poverty rates for African-American and

1 Hispanic children have also fallen dramatically
2 during the past 6 years. African-American child
3 poverty is at the lowest rate on record and His-
4 panic child poverty is at the lowest level re-
5 ported in over 20 years.

6 (E) Despite these gains, States have had
7 mixed success in fully engaging welfare recipi-
8 ents in work activities. While all States have
9 met the overall work participation rates re-
10 quired by law, in 2001, in an average month,
11 only just over $\frac{1}{3}$ of all families with an adult
12 participated in work activities that were count-
13 able toward the State's participation rate. Five
14 jurisdictions failed to meet the more rigorous 2-
15 parent work requirements, and 19 jurisdictions
16 (States and territories) are not subject to the 2-
17 parent requirements, most because they moved
18 their 2-parent cases to separate State programs
19 where they are not subject to a penalty for fail-
20 ing the 2-parent rates.

21 (2) As a Nation, we have made substantial
22 progress in reducing teen pregnancies and births,
23 slowing increases in nonmarital childbearing, and
24 improving child support collections and paternity es-
25 tablishment.

(A) The teen birth rate has fallen continuously since 1991, down a dramatic 22 percent by 2000. During the period of 1991–2000, teenage birth rates fell in all States and the District of Columbia, Puerto Rico, and the Virgin Islands. Declines also have spanned age, racial, and ethnic groups. There has been success in lowering the birth rate for both younger and older teens. The birth rate for those 15–17 years of age is down 29 percent since 1991, and the rate for those 18 and 19 is down 16 percent. Between 1991 and 2000, teen birth rates declined for all women ages 15–19—white, African American, American Indian, Asian or Pacific Islander, and Hispanic women ages 15–19. The rate for African American teens—until recently the highest—experienced the largest decline, down 31 percent from 1991 to 2000, to reach the lowest rate ever reported for this group. Most births to teens are nonmarital; in 2000, about 73 percent of the births to teens aged 15–19 occurred outside of marriage.

(B) Nonmarital childbearing continued to increase slightly in 2001, however not at the sharp rates of increase seen in recent decades.

1 The birth rate among unmarried women in
2 2001 was 4 percent lower than its peak reached
3 in 1994, while the proportion of births occur-
4 ring outside of marriage has remained at ap-
5 proximately 33 percent since 1998.

6 (C) The negative consequences of out-of-
7 wedlock birth on the mother, the child, the fam-
8 ily, and society are well documented. These in-
9 clude increased likelihood of welfare depend-
10 ency, increased risks of low birth weight, poor
11 cognitive development, child abuse and neglect,
12 and teen parenthood, and decreased likelihood
13 of having an intact marriage during adulthood.

14 (D) An estimated 24,500,000 children do
15 not live with their biological fathers, and
16 7,100,000 children do not live with their bio-
17 logical mothers. These facts are attributable
18 largely to declining marriage rates, increasing
19 divorce rates, and increasing rates of nonmar-
20 ital births during the latter part of the 20th
21 century.

22 (E) There has been a dramatic rise in co-
23 habitation as marriages have declined. Only 40
24 percent of children of cohabiting couples will
25 see their parents marry. Those who do marry

1 experience a 50 percent higher divorce rate.
2 Children in single-parent households and cohab-
3 iting households are at much higher risk of
4 child abuse than children in intact married and
5 stepparent families.

6 (F) Children who live apart from their bio-
7 logical fathers, on average, are more likely to be
8 poor, experience educational, health, emotional,
9 and psychological problems, be victims of child
10 abuse, engage in criminal behavior, and become
11 involved with the juvenile justice system than
12 their peers who live with their married, biologi-
13 cal mother and father. A child living in a single-
14 parent family is nearly 5 times as likely to be
15 poor as a child living in a married-couple fam-
16 ily. In 2001, in married-couple families, the
17 child poverty rate was 8 percent, and in house-
18 holds headed by a single mother, the poverty
19 rate was 39.3 percent.

20 (G) Since the enactment of the Personal
21 Responsibility and Work Opportunity Reconcili-
22 ation Act of 1996, child support collections
23 within the child support enforcement system
24 have grown every year, increasing from
25 \$12,000,000,000 in fiscal year 1996 to nearly

1 \$19,000,000,000 in fiscal year 2001. The num-
2 ber of paternities established or acknowledged
3 in fiscal year 2002 reached an historic high of
4 over 1,500,000—which includes more than a
5 100 percent increase through in-hospital ac-
6 knowledgement programs to 790,595 in 2001
7 from 324,652 in 1996. Child support collections
8 were made in well over 7,000,000 cases in fiscal
9 year 2000, significantly more than the almost
10 4,000,000 cases having a collection in 1996.

11 (3) The Personal Responsibility and Work Op-
12 portunity Reconciliation Act of 1996 gave States
13 great flexibility in the use of Federal funds to de-
14 velop innovative programs to help families leave wel-
15 fare and begin employment and to encourage the
16 formation of 2-parent families.

17 (A) Total Federal and State TANF ex-
18 penditures in fiscal year 2001 were
19 \$25,500,000,000, up from \$24,000,000,000 in
20 fiscal year 2000 and \$22,600,000,000 in fiscal
21 year 1999. This increased spending is attrib-
22 utable to significant new investments in sup-
23 portive services in the TANF program, such as
24 child care and activities to support work.

1 (B) Since the welfare reform effort began
2 there has been a dramatic increase in work par-
3 ticipation (including employment, community
4 service, and work experience) among welfare re-
5 cipients, as well as an unprecedented reduction
6 in the caseload because recipients have left wel-
7 fare for work.

8 (C) States are making policy choices and
9 investment decisions best suited to the needs of
10 their citizens.

11 (i) To expand aid to working families,
12 all States disregard a portion of a family's
13 earned income when determining benefit
14 levels.

15 (ii) Most States increased the limits
16 on countable assets above the former Aid
17 to Families with Dependent Children
18 (AFDC) program. Every State has in-
19 creased the vehicle asset level above the
20 prior AFDC limit for a family's primary
21 automobile.

22 (iii) States are experimenting with
23 programs to promote marriage and father
24 involvement. Over half the States have
25 eliminated restrictions on 2-parent fami-

1 lies. Many States use TANF, child sup-
2 port, or State funds to support community-
3 based activities to help fathers become
4 more involved in their children’s lives or
5 strengthen relationships between mothers
6 and fathers.

7 (4) Therefore, it is the sense of the Congress
8 that increasing success in moving families from wel-
9 fare to work, as well as in promoting healthy mar-
10 riage and other means of improving child well-being,
11 are very important Government interests and the
12 policy contained in part A of title IV of the Social
13 Security Act (as amended by this Act) is intended
14 to serve these ends.

15 **TITLE I—TANF**

16 **SEC. 101. PURPOSES.**

17 Section 401(a) (42 U.S.C. 601(a)) is amended—

18 (1) in the matter preceding paragraph (1), by
19 striking “increase” and inserting “improve child
20 well-being by increasing”;

21 (2) in paragraph (1), by inserting “and serv-
22 ices” after “assistance”;

23 (3) in paragraph (2), by striking “parents on
24 government benefits” and inserting “families on gov-
25 ernment benefits and reduce poverty”; and

1 (4) in paragraph (4), by striking “two-parent
 2 families” and inserting “healthy, 2-parent married
 3 families, and encourage responsible fatherhood”.

4 **SEC. 102. FAMILY ASSISTANCE GRANTS.**

5 (a) EXTENSION OF AUTHORITY.—Section
 6 403(a)(1)(A) (42 U.S.C. 603(a)(1)(A)) is amended—

7 (1) by striking “1996, 1997, 1998, 1999, 2000,
 8 2001, and 2002” and inserting “2004 through
 9 2008”; and

10 (2) by inserting “payable to the State for the
 11 fiscal year” before the period.

12 (b) STATE FAMILY ASSISTANCE GRANT.—Section
 13 403(a)(1) (42 U.S.C. 603(a)(1)) is amended by striking
 14 subparagraphs (B) through (E) and inserting the fol-
 15 lowing:

16 “(B) STATE FAMILY ASSISTANCE
 17 GRANT.—The State family assistance grant
 18 payable to a State for a fiscal year shall be the
 19 amount that bears the same ratio to the
 20 amount specified in subparagraph (C) of this
 21 paragraph as the amount required to be paid to
 22 the State under this paragraph for fiscal year
 23 2002 (determined without regard to any reduc-
 24 tion pursuant to section 409 or 412(a)(1))
 25 bears to the total amount required to be paid

1 under this paragraph for fiscal year 2002 (as so
2 determined).

3 “(C) APPROPRIATION.—Out of any money
4 in the Treasury of the United States not other-
5 wise appropriated, there are appropriated for
6 each of fiscal years 2004 through 2008
7 \$16,566,542,000 for grants under this para-
8 graph.”.

9 (c) MATCHING GRANTS FOR THE TERRITORIES.—
10 Section 1108(b)(2) (42 U.S.C. 1308(b)(2)) is amended by
11 striking “1997 through 2002” and inserting “2004
12 through 2008”.

13 **SEC. 103. PROMOTION OF FAMILY FORMATION AND**
14 **HEALTHY MARRIAGE.**

15 (a) STATE PLANS.—Section 402(a)(1)(A) (42 U.S.C.
16 602(a)(1)(A)) is amended by adding at the end the fol-
17 lowing:

18 “(vii) Encourage equitable treatment
19 of married, 2-parent families under the
20 program referred to in clause (i).”.

21 (b) HEALTHY MARRIAGE PROMOTION GRANTS; RE-
22 PEAL OF BONUS FOR REDUCTION OF ILLEGITIMACY
23 RATIO.—Section 403(a)(2) (42 U.S.C. 603(a)(2)) is
24 amended to read as follows:

1 “(2) HEALTHY MARRIAGE PROMOTION
2 GRANTS.—

3 “(A) AUTHORITY.—The Secretary shall
4 award competitive grants to States, territories,
5 and tribal organizations for not more than 50
6 percent of the cost of developing and imple-
7 menting innovative programs to promote and
8 support healthy, married, 2-parent families.

9 “(B) HEALTHY MARRIAGE PROMOTION AC-
10 TIVITIES.—Funds provided under subparagraph
11 (A) shall be used to support any of the fol-
12 lowing programs or activities:

13 “(i) Public advertising campaigns on
14 the value of marriage and the skills needed
15 to increase marital stability and health.

16 “(ii) Education in high schools on the
17 value of marriage, relationship skills, and
18 budgeting.

19 “(iii) Marriage education, marriage
20 skills, and relationship skills programs,
21 that may include parenting skills, financial
22 management, conflict resolution, and job
23 and career advancement, for non-married
24 pregnant women and non-married expect-
25 ant fathers.

1 “(iv) Pre-marital education and mar-
2 riage skills training for engaged couples
3 and for couples or individuals interested in
4 marriage.

5 “(v) Marriage enhancement and mar-
6 riage skills training programs for married
7 couples.

8 “(vi) Divorce reduction programs that
9 teach relationship skills.

10 “(vii) Marriage mentoring programs
11 which use married couples as role models
12 and mentors in at-risk communities.

13 “(viii) Programs to reduce the dis-
14 incentives to marriage in means-tested aid
15 programs, if offered in conjunction with
16 any activity described in this subpara-
17 graph.

18 “(C) APPROPRIATION.—

19 “(i) IN GENERAL.—Out of any money
20 in the Treasury of the United States not
21 otherwise appropriated, there are appro-
22 priated for each of fiscal years 2003
23 through 2008 \$100,000,000 for grants
24 under this paragraph.

1 “(ii) EXTENDED AVAILABILITY OF
 2 FY2003 FUNDS.—Funds appropriated
 3 under clause (i) for fiscal year 2003 shall
 4 remain available to the Secretary through
 5 fiscal year 2004, for grants under this
 6 paragraph for fiscal year 2003.”.

7 (c) COUNTING OF SPENDING ON NON-ELIGIBLE
 8 FAMILIES TO PREVENT AND REDUCE INCIDENCE OF
 9 OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION
 10 AND MAINTENANCE OF HEALTHY, 2-PARENT MARRIED
 11 FAMILIES, OR ENCOURAGE RESPONSIBLE FATHER-
 12 HOOD.—Section 409(a)(7)(B)(i) (42 U.S.C.
 13 609(a)(7)(B)(i)) is amended by adding at the end the fol-
 14 lowing:

15 “(V) COUNTING OF SPENDING
 16 ON NON-ELIGIBLE FAMILIES TO PRE-
 17 VENT AND REDUCE INCIDENCE OF
 18 OUT-OF-WEDLOCK BIRTHS, ENCOUR-
 19 AGE FORMATION AND MAINTENANCE
 20 OF HEALTHY, 2-PARENT MARRIED
 21 FAMILIES, OR ENCOURAGE RESPON-
 22 SIBLE FATHERHOOD.—The term
 23 ‘qualified State expenditures’ includes
 24 the total expenditures by the State
 25 during the fiscal year under all State

1 programs for a purpose described in
2 paragraph (3) or (4) of section
3 401(a).”.

4 **SEC. 104. SUPPLEMENTAL GRANT FOR POPULATION IN-**
5 **CREASES IN CERTAIN STATES.**

6 Section 403(a)(3)(H) (42 U.S.C. 603(a)(3)(H)) is
7 amended—

8 (1) in the subparagraph heading, by striking
9 “OF GRANTS FOR FISCAL YEAR 2002”;

10 (2) in clause (i), by striking “fiscal year 2002”
11 and inserting “each of fiscal years 2004 through
12 2007”;

13 (3) in clause (ii), by striking “2002” and in-
14 serting “2007”; and

15 (4) in clause (iii), by striking “fiscal year
16 2002” and inserting “each of fiscal years 2004
17 through 2007”.

18 **SEC. 105. BONUS TO REWARD EMPLOYMENT ACHIEVE-**
19 **MENT.**

20 (a) REALLOCATION OF FUNDING.—

21 (1) IN GENERAL.—Section 403(a)(4) (42
22 U.S.C. 603(a)(4)) is amended—

23 (A) in the paragraph heading, by striking
24 “HIGH PERFORMANCE STATES” and inserting
25 “EMPLOYMENT ACHIEVEMENT”;

1 (B) in subparagraph (D)(ii)—

2 (i) in subclause (I), by striking
3 “equals \$200,000,000” and inserting
4 “(other than 2003) equals \$200,000,000,
5 and for bonus year 2003 equals
6 \$100,000,000”; and

7 (ii) in subclause (II), by striking
8 “\$1,000,000,000” and inserting
9 “\$900,000,000”; and

10 (C) in subparagraph (F), by striking
11 “\$1,000,000,000” and inserting
12 “\$900,000,000”.

13 (2) EFFECTIVE DATE.—The amendments made
14 by paragraph (1) shall take effect on the date of the
15 enactment of this Act, or September 30, 2003,
16 whichever is earlier.

17 (b) BONUS TO REWARD EMPLOYMENT ACHIEVE-
18 MENT.—

19 (1) IN GENERAL.—Section 403(a)(4) (42
20 U.S.C. 603(a)(4)) is amended by striking subpara-
21 graphs (A) through (F) and inserting the following:

22 “(A) IN GENERAL.—The Secretary shall
23 make a grant pursuant to this paragraph to
24 each State for each bonus year for which the
25 State is an employment achievement State.

1 “(B) AMOUNT OF GRANT.—

2 “(i) IN GENERAL.—Subject to clause
3 (ii) of this subparagraph, the Secretary
4 shall determine the amount of the grant
5 payable under this paragraph to an em-
6 ployment achievement State for a bonus
7 year, which shall be based on the perform-
8 ance of the State as determined under sub-
9 paragraph (D)(i) for the fiscal year that
10 immediately precedes the bonus year.

11 “(ii) LIMITATION.—The amount pay-
12 able to a State under this paragraph for a
13 bonus year shall not exceed 5 percent of
14 the State family assistance grant.

15 “(C) FORMULA FOR MEASURING STATE
16 PERFORMANCE.—

17 “(i) IN GENERAL.—Subject to clause
18 (ii), not later than October 1, 2003, the
19 Secretary, in consultation with the States,
20 shall develop a formula for measuring
21 State performance in operating the State
22 program funded under this part so as to
23 achieve the goals of employment entry, job
24 retention, and increased earnings from em-
25 ployment for families receiving assistance

1 under the program, as measured on an ab-
2 solute basis and on the basis of improve-
3 ment in State performance.

4 “(ii) SPECIAL RULE FOR BONUS YEAR
5 2004.—For the purposes of awarding a
6 bonus under this paragraph for bonus year
7 2004, the Secretary may measure the per-
8 formance of a State in fiscal year 2003
9 using the job entry rate, job retention rate,
10 and earnings gain rate components of the
11 formula developed under section
12 403(a)(4)(C) as in effect immediately be-
13 fore the effective date of this paragraph.

14 “(D) DETERMINATION OF STATE PER-
15 FORMANCE.—For each bonus year, the Sec-
16 retary shall—

17 “(i) use the formula developed under
18 subparagraph (C) to determine the per-
19 formance of each eligible State for the fis-
20 cal year that precedes the bonus year; and

21 “(ii) prescribe performance standards
22 in such a manner so as to ensure that—

23 “(I) the average annual total
24 amount of grants to be made under

1 this paragraph for each bonus year
2 equals \$100,000,000; and

3 “(II) the total amount of grants
4 to be made under this paragraph for
5 all bonus years equals \$600,000,000.

6 “(E) DEFINITIONS.—In this paragraph:

7 “(i) BONUS YEAR.—The term ‘bonus
8 year’ means each of fiscal years 2004
9 through 2009.

10 “(ii) EMPLOYMENT ACHIEVEMENT
11 STATE.—The term ‘employment achieve-
12 ment State’ means, with respect to a bonus
13 year, an eligible State whose performance
14 determined pursuant to subparagraph
15 (D)(i) for the fiscal year preceding the
16 bonus year equals or exceeds the perform-
17 ance standards prescribed under subpara-
18 graph (D)(ii) for such preceding fiscal
19 year.

20 “(F) APPROPRIATION.—

21 “(i) IN GENERAL.—Out of any money
22 in the Treasury of the United States not
23 otherwise appropriated, there are appro-
24 priated for fiscal years 2004 through 2009

1 \$600,000,000 for grants under this para-
2 graph.

3 “(ii) EXTENDED AVAILABILITY OF
4 PRIOR APPROPRIATION.—Amounts appro-
5 priated under section 403(a)(4)(F) of the
6 Social Security Act (as in effect before the
7 date of the enactment of this clause) that
8 have not been expended as of such date of
9 enactment shall remain available through
10 fiscal year 2004 for grants under section
11 403(a)(4) of such Act (as in effect before
12 such date of enactment) for bonus year
13 2003.

14 “(G) GRANTS FOR TRIBAL ORGANIZA-
15 TIONS.—This paragraph shall apply with re-
16 spect to tribal organizations in the same man-
17 ner in which this paragraph applies with re-
18 spect to States. In determining the criteria
19 under which to make grants to tribal organiza-
20 tions under this paragraph, the Secretary shall
21 consult with tribal organizations.”.

22 (2) EFFECTIVE DATE.—The amendment made
23 by paragraph (1), except for section 403(a)(4)(F)(ii)
24 of the Social Security Act as inserted by the amend-
25 ment, shall take effect on October 1, 2003.

1 **SEC. 106. CONTINGENCY FUND.**

2 (a) DEPOSITS INTO FUND.—Section 403(b)(2) (42
3 U.S.C. 603(b)(2)) is amended—

4 (1) by striking “1997, 1998, 1999, 2000, 2001,
5 and 2002” and inserting “2004 through 2008”; and

6 (2) by striking all that follows
7 “\$2,000,000,000” and inserting a period.

8 (b) GRANTS.—Section 403(b)(3)(C)(ii) (42 U.S.C.
9 603(b)(3)(C)(ii)) is amended by striking “fiscal years
10 1997 through 2002” and inserting “fiscal years 2004
11 through 2008”.

12 (c) DEFINITION OF NEEDY STATE.—Clauses (i) and
13 (ii) of section 403(b)(5)(B) (42 U.S.C. 603(b)(5)(B)) are
14 amended by inserting after “1996” the following: “, and
15 the Food Stamp Act of 1977 as in effect during the cor-
16 responding 3-month period in the fiscal year preceding
17 such most recently concluded 3-month period,”.

18 (d) ANNUAL RECONCILIATION: FEDERAL MATCHING
19 OF STATE EXPENDITURES ABOVE “MAINTENANCE OF
20 EFFORT” LEVEL.—Section 403(b)(6) (42 U.S.C.
21 603(b)(6)) is amended—

22 (1) in subparagraph (A)(ii)—

23 (A) by adding “and” at the end of sub-
24 clause (I);

25 (B) by striking “; and” at the end of sub-
26 clause (II) and inserting a period; and

1 (C) by striking subclause (III);

2 (2) in subparagraph (B)(i)(II), by striking all
3 that follows “section 409(a)(7)(B)(iii))” and insert-
4 ing a period;

5 (3) by amending subparagraph (B)(ii)(I) to
6 read as follows:

7 “(I) the qualified State expendi-
8 tures (as defined in section
9 409(a)(7)(B)(i)) for the fiscal year;
10 plus”; and

11 (4) by striking subparagraph (C).

12 (e) CONSIDERATION OF CERTAIN CHILD CARE EX-
13 PENDITURES IN DETERMINING STATE COMPLIANCE
14 WITH CONTINGENCY FUND MAINTENANCE OF EFFORT
15 REQUIREMENT.—Section 409(a)(10) (42 U.S.C.
16 609(a)(10)) is amended—

17 (1) by striking “(other than the expenditures
18 described in subclause (I)(bb) of that paragraph))
19 under the State program funded under this part”
20 and inserting a close parenthesis; and

21 (2) by striking “excluding any amount ex-
22 pended by the State for child care under subsection
23 (g) or (i) of section 402 (as in effect during fiscal
24 year 1994) for fiscal year 1994,”.

1 (f) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on October 1, 2003.

3 **SEC. 107. USE OF FUNDS.**

4 (a) GENERAL RULES.—Section 404(a)(2) (42 U.S.C.
5 604(a)(2)) is amended by striking “in any manner that”
6 and inserting “for any purposes or activities for which”.

7 (b) TREATMENT OF INTERSTATE IMMIGRANTS.—

8 (1) STATE PLAN PROVISION.—Section
9 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)) is amended
10 by striking clause (i) and redesignating clauses (ii)
11 through (iv) as clauses (i) through (iii), respectively.

12 (2) USE OF FUNDS.—Section 404 (42 U.S.C.
13 604) is amended by striking subsection (c).

14 (c) INCREASE IN AMOUNT TRANSFERABLE TO CHILD
15 CARE.—Section 404(d)(1) (42 U.S.C. 604(d)(1)) is
16 amended by striking “30” and inserting “50”.

17 (d) INCREASE IN AMOUNT TRANSFERABLE TO TITLE
18 XX PROGRAMS.—Section 404(d)(2)(B) (42 U.S.C.
19 604(d)(2)(B)) is amended to read as follows:

20 “(B) APPLICABLE PERCENT.—For pur-
21 poses of subparagraph (A), the applicable per-
22 cent is 10 percent for fiscal year 2004 and each
23 succeeding fiscal year.”.

24 (e) CLARIFICATION OF AUTHORITY OF STATES TO
25 USE TANF FUNDS CARRIED OVER FROM PRIOR YEARS

1 TO PROVIDE TANF BENEFITS AND SERVICES.—Section
2 404(e) (42 U.S.C. 604(e)) is amended to read as follows:

3 “(e) AUTHORITY TO CARRYOVER OR RESERVE CER-
4 TAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FU-
5 TURE CONTINGENCIES.—

6 “(1) CARRYOVER.—A State or tribe may use a
7 grant made to the State or tribe under this part for
8 any fiscal year to provide, without fiscal year limita-
9 tion, any benefit or service that may be provided
10 under the State or tribal program funded under this
11 part.

12 “(2) CONTINGENCY RESERVE.—A State or tribe
13 may designate any portion of a grant made to the
14 State or tribe under this part as a contingency re-
15 serve for future needs, and may use any amount so
16 designated to provide, without fiscal year limitation,
17 any benefit or service that may be provided under
18 the State or tribal program funded under this part.
19 If a State or tribe so designates a portion of such
20 a grant, the State shall, on an annual basis, include
21 in its report under section 411(a) the amount so
22 designated.”.

1 **SEC. 108. REPEAL OF FEDERAL LOAN FOR STATE WELFARE**
2 **PROGRAMS.**

3 (a) REPEAL.—Section 406 (42 U.S.C. 606) is re-
4 pealed.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Section 409(a) (42 U.S.C. 609(a)) is
7 amended by striking paragraph (6).

8 (2) Section 412 (42 U.S.C. 612) is amended by
9 striking subsection (f) and redesignating subsections
10 (g) through (i) as subsections (f) through (h), re-
11 spectively.

12 (3) Section 1108(a)(2) (42 U.S.C. 1308(a)(2))
13 is amended by striking “406,”.

14 **SEC. 109. UNIVERSAL ENGAGEMENT AND FAMILY SELF-**
15 **SUFFICIENCY PLAN REQUIREMENTS.**

16 (a) MODIFICATION OF STATE PLAN REQUIRE-
17 MENTS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A))
18 is amended by striking clauses (ii) and (iii) and inserting
19 the following:

20 “(ii) Require a parent or caretaker re-
21 ceiving assistance under the program to
22 engage in work or alternative self-suffi-
23 ciency activities (as defined by the State),
24 consistent with section 407(e)(2).

25 “(iii) Require families receiving assist-
26 ance under the program to engage in ac-

1 activities in accordance with family self-suffi-
2 ciency plans developed pursuant to section
3 408(b).”.

4 (b) ESTABLISHMENT OF FAMILY SELF-SUFFICIENCY
5 PLANS.—

6 (1) IN GENERAL.—Section 408(b) (42 U.S.C.
7 608(b)) is amended to read as follows:

8 “(b) FAMILY SELF-SUFFICIENCY PLANS.—

9 “(1) IN GENERAL.—A State to which a grant
10 is made under section 403 shall—

11 “(A) assess, in the manner deemed appro-
12 priate by the State, the skills, prior work expe-
13 rience, and employability of each work-eligible
14 individual (as defined in section 407(b)(2)(C))
15 receiving assistance under the State program
16 funded under this part;

17 “(B) establish for each family that in-
18 cludes such an individual, in consultation as the
19 State deems appropriate with the individual, a
20 self-sufficiency plan that specifies appropriate
21 activities described in the State plan submitted
22 pursuant to section 402, including direct work
23 activities as appropriate designed to assist the
24 family in achieving their maximum degree of
25 self-sufficiency, and that provides for the ongo-

1 ing participation of the individual in the activi-
2 ties;

3 “(C) require, at a minimum, each such in-
4 dividual to participate in activities in accord-
5 ance with the self-sufficiency plan;

6 “(D) monitor the participation of each
7 such individual in the activities specified in the
8 self sufficiency plan, and regularly review the
9 progress of the family toward self-sufficiency;

10 “(E) upon such a review, revise the self-
11 sufficiency plan and activities as the State
12 deems appropriate.

13 “(2) TIMING.—The State shall comply with
14 paragraph (1) with respect to a family—

15 “(A) in the case of a family that, as of Oc-
16 tober 1, 2003, is not receiving assistance from
17 the State program funded under this part, not
18 later than 60 days after the family first receives
19 assistance on the basis of the most recent appli-
20 cation for the assistance; or

21 “(B) in the case of a family that, as of
22 such date, is receiving the assistance, not later
23 than 12 months after the date of enactment of
24 this subsection.

1 “(3) STATE DISCRETION.—A State shall have
 2 sole discretion, consistent with section 407, to define
 3 and design activities for families for purposes of this
 4 subsection, to develop methods for monitoring and
 5 reviewing progress pursuant to this subsection, and
 6 to make modifications to the plan as the State
 7 deems appropriate to assist the individual in increas-
 8 ing their degree of self-sufficiency.

9 “(4) RULE OF INTERPRETATION.—Nothing in
 10 this part shall preclude a State from requiring par-
 11 ticipation in work and any other activities the State
 12 deems appropriate for helping families achieve self-
 13 sufficiency and improving child well-being.”.

14 (2) PENALTY FOR FAILURE TO ESTABLISH
 15 FAMILY SELF-SUFFICIENCY PLAN.—Section
 16 409(a)(3) (42 U.S.C. 609(a)(3)) is amended—

17 (A) in the paragraph heading, by inserting

18 “OR ESTABLISH FAMILY SELF-SUFFICIENCY
 19 PLAN” after “RATES”; and

20 (B) in subparagraph (A), by inserting “or
 21 408(b)” after “407(a)”.

22 **SEC. 110. WORK PARTICIPATION REQUIREMENTS.**

23 (a) ELIMINATION OF SEPARATE PARTICIPATION
 24 RATE REQUIREMENTS FOR 2-PARENT FAMILIES.—

25 (1) IN GENERAL.—

1 (A) Section 407 (42 U.S.C. 607) is amend-
 2 ed in each of subsections (a) and (b) by striking
 3 paragraph (2).

4 (B) Section 407(b)(4) (42 U.S.C.
 5 607(b)(4)) is amended by striking “paragraphs
 6 (1)(B) and (2)(B)” and inserting “paragraph
 7 (1)(B)”.

8 (C) Section 407(c)(1) (42 U.S.C.
 9 607(c)(1)) is amended by striking subparagraph
 10 (B).

11 (D) Section 407(c)(2)(D) (42 U.S.C.
 12 607(c)(2)(D)) is amended by striking “para-
 13 graphs (1)(B)(i) and (2)(B) of subsection (b)”
 14 and inserting “subsection (b)(1)(B)(i)”.

15 (2) EFFECTIVE DATE.—The amendments made
 16 by paragraph (1) shall take effect on October 1,
 17 2002.

18 (b) WORK PARTICIPATION REQUIREMENTS.—Section
 19 407 (42 U.S.C. 607) is amended by striking all that pre-
 20 cedes subsection (b)(3) and inserting the following:

21 **“SEC. 407. WORK PARTICIPATION REQUIREMENTS.**

22 “(a) PARTICIPATION RATE REQUIREMENTS.—A
 23 State to which a grant is made under section 403 for a
 24 fiscal year shall achieve a minimum participation rate
 25 equal to not less than—

1 “(1) 50 percent for fiscal year 2004;
2 “(2) 55 percent for fiscal year 2005;
3 “(3) 60 percent for fiscal year 2006;
4 “(4) 65 percent for fiscal year 2007; and
5 “(5) 70 percent for fiscal year 2008 and each
6 succeeding fiscal year.

7 “(b) CALCULATION OF PARTICIPATION RATES.—

8 “(1) AVERAGE MONTHLY RATE.—For purposes
9 of subsection (a), the participation rate of a State
10 for a fiscal year is the average of the participation
11 rates of the State for each month in the fiscal year.

12 “(2) MONTHLY PARTICIPATION RATES; INCOR-
13 PORATION OF 40-HOUR WORK WEEK STANDARD.—

14 “(A) IN GENERAL.—For purposes of para-
15 graph (1), the participation rate of a State for
16 a month is—

17 “(i) the total number of countable
18 hours (as defined in subsection (c)) with
19 respect to the counted families for the
20 State for the month; divided by

21 “(ii) 160 multiplied by the number of
22 counted families for the State for the
23 month.

24 “(B) COUNTED FAMILIES DEFINED.—

1 “(i) IN GENERAL.—In subparagraph
2 (A), the term ‘counted family’ means, with
3 respect to a State and a month, a family
4 that includes a work-eligible individual and
5 that receives assistance in the month under
6 the State program funded under this part,
7 subject to clause (ii).

8 “(ii) STATE OPTION TO EXCLUDE
9 CERTAIN FAMILIES.—At the option of a
10 State, the term ‘counted family’ shall not
11 include—

12 “(I) a family in the first month
13 for which the family receives assist-
14 ance from a State program funded
15 under this part on the basis of the
16 most recent application for such as-
17 sistance; or

18 “(II) on a case-by-case basis, a
19 family in which the youngest child has
20 not attained 12 months of age.

21 “(iii) STATE OPTION TO INCLUDE IN-
22 DIVIDUALS RECEIVING ASSISTANCE UNDER
23 A TRIBAL FAMILY ASSISTANCE PLAN OR
24 TRIBAL WORK PROGRAM.—At the option of
25 a State, the term ‘counted family’ may in-

1 clude families in the State that are receiv-
2 ing assistance under a tribal family assist-
3 ance plan approved under section 412 or
4 under a tribal work program to which
5 funds are provided under this part.

6 “(C) WORK-ELIGIBLE INDIVIDUAL DE-
7 FINED.—In this section, the term ‘work-eligible
8 individual’ means an individual—

9 “(i) who is married or a single head
10 of household; and

11 “(ii) whose needs are (or, but for
12 sanctions under this part that have been in
13 effect for more than 3 months (whether or
14 not consecutive) in the preceding 12
15 months or under part D, would be) in-
16 cluded in determining the amount of cash
17 assistance to be provided to the family
18 under the State program funded under this
19 part.”.

20 (c) RECALIBRATION OF CASELOAD REDUCTION
21 CREDIT.—

22 (1) IN GENERAL.—Section 407(b)(3)(A)(ii) (42
23 U.S.C. 607(b)(3)(A)(ii)) is amended to read as fol-
24 lows:

1 “(ii) the average monthly number of
2 families that received assistance under the
3 State program funded under this part dur-
4 ing the base year.”.

5 (2) CONFORMING AMENDMENT.—Section
6 407(b)(3)(B) (42 U.S.C. 607(b)(3)(B)) is amended
7 by striking “and eligibility criteria” and all that fol-
8 lows through the close parenthesis and inserting
9 “and the eligibility criteria in effect during the then
10 applicable base year”.

11 (3) BASE YEAR DEFINED.—Section 407(b)(3)
12 (42 U.S.C. 607(b)(3)) is amended by adding at the
13 end the following:

14 “(C) BASE YEAR DEFINED.—In this para-
15 graph, the term ‘base year’ means, with respect
16 to a fiscal year—

17 “(I) if the fiscal year is fiscal
18 year 2004, fiscal year 1996;

19 “(II) if the fiscal year is fiscal
20 year 2005, fiscal year 1998;

21 “(III) if the fiscal year is fiscal
22 year 2006, fiscal year 2001; or

23 “(IV) if the fiscal year is fiscal
24 year 2007 or any succeeding fiscal

1 year, the then 4th preceding fiscal
2 year.”.

3 (d) SUPERACHIEVER CREDIT.—Section 407(b) (42
4 U.S.C. 607(b)) is amended by striking paragraphs (4) and
5 (5) and inserting the following:

6 “(4) SUPERACHIEVER CREDIT.—

7 “(A) IN GENERAL.—The participation
8 rate, determined under paragraphs (1) and (2)
9 of this subsection, of a superachiever State for
10 a fiscal year shall be increased by the lesser
11 of—

12 “(i) the amount (if any) of the super-
13 achiever credit applicable to the State; or

14 “(ii) the number of percentage points
15 (if any) by which the minimum participa-
16 tion rate required by subsection (a) for the
17 fiscal year exceeds 50 percent.

18 “(B) SUPERACHIEVER STATE.—For pur-
19 poses of subparagraph (A), a State is a super-
20 achiever State if the State caseload for fiscal
21 year 2001 has declined by at least 60 percent
22 from the State caseload for fiscal year 1995.

23 “(C) AMOUNT OF CREDIT.—The super-
24 achiever credit applicable to a State is the num-
25 ber of percentage points (if any) by which the

1 decline referred to in subparagraph (B) exceeds
2 60 percent.

3 “(D) DEFINITIONS.—In this paragraph:

4 “(i) STATE CASELOAD FOR FISCAL
5 YEAR 2001.—The term ‘State caseload for
6 fiscal year 2001’ means the average
7 monthly number of families that received
8 assistance during fiscal year 2001 under
9 the State program funded under this part.

10 “(ii) STATE CASELOAD FOR FISCAL
11 YEAR 1995.—The term ‘State caseload for
12 fiscal year 1995’ means the average
13 monthly number of families that received
14 aid under the State plan approved under
15 part A (as in effect on September 30,
16 1995) during fiscal year 1995.”.

17 (e) COUNTABLE HOURS.—Section 407 of such Act
18 (42 U.S.C. 607) is amended by striking subsections (c)
19 and (d) and inserting the following:

20 “(c) COUNTABLE HOURS.—

21 “(1) DEFINITION.—In subsection (b)(2), the
22 term ‘countable hours’ means, with respect to a fam-
23 ily for a month, the total number of hours in the
24 month in which any member of the family who is a
25 work-eligible individual is engaged in a direct work

1 activity or other activities specified by the State (ex-
2 cluding an activity that does not address a purpose
3 specified in section 401(a)), subject to the other pro-
4 visions of this subsection.

5 “(2) LIMITATIONS.—Subject to such regula-
6 tions as the Secretary may prescribe:

7 “(A) MINIMUM WEEKLY AVERAGE OF 24
8 HOURS OF DIRECT WORK ACTIVITIES RE-
9 QUIRED.—If the work-eligible individuals in a
10 family are engaged in a direct work activity for
11 an average total of fewer than 24 hours per
12 week in a month, then the number of countable
13 hours with respect to the family for the month
14 shall be zero.

15 “(B) MAXIMUM WEEKLY AVERAGE OF 16
16 HOURS OF OTHER ACTIVITIES.—An average of
17 not more than 16 hours per week of activities
18 specified by the State (subject to the exclusion
19 described in paragraph (1)) may be considered
20 countable hours in a month with respect to a
21 family.

22 “(3) SPECIAL RULES.—For purposes of para-
23 graph (1):

24 “(A) PARTICIPATION IN QUALIFIED AC-
25 TIVITIES.—

1 “(i) IN GENERAL.—If, with the ap-
2 proval of the State, the work-eligible indi-
3 viduals in a family are engaged in 1 or
4 more qualified activities for an average
5 total of at least 24 hours per week in a
6 month, then all such engagement in the
7 month shall be considered engagement in a
8 direct work activity, subject to clause (iii).

9 “(ii) QUALIFIED ACTIVITY DE-
10 FINED.—The term ‘qualified activity’
11 means an activity specified by the State
12 (subject to the exclusion described in para-
13 graph (1)) that meets such standards and
14 criteria as the State may specify, includ-
15 ing—

16 “(I) substance abuse counseling
17 or treatment;

18 “(II) rehabilitation treatment
19 and services;

20 “(III) work-related education or
21 training directed at enabling the fam-
22 ily member to work;

23 “(IV) job search or job readiness
24 assistance; and

1 “(V) any other activity that ad-
2 dresses a purpose specified in section
3 401(a).

4 “(iii) LIMITATION.—

5 “(I) IN GENERAL.—Except as
6 provided in subclause (II), clause (i)
7 shall not apply to a family for more
8 than 3 months in any period of 24
9 consecutive months.

10 “(II) SPECIAL RULE APPLICABLE
11 TO EDUCATION AND TRAINING.—A
12 State may, on a case-by-case basis,
13 apply clause (i) to a work-eligible indi-
14 vidual so that participation by the in-
15 dividual in education or training, if
16 needed to permit the individual to
17 complete a certificate program or
18 other work-related education or train-
19 ing directed at enabling the individual
20 to fill a known job need in a local
21 area, may be considered countable
22 hours with respect to the family of the
23 individual for not more than 4 months
24 in any period of 24 consecutive
25 months.

1 “(B) SCHOOL ATTENDANCE BY TEEN
2 HEAD OF HOUSEHOLD.—The work-eligible
3 members of a family shall be considered to be
4 engaged in a direct work activity for an average
5 of 40 hours per week in a month if the family
6 includes an individual who is married, or is a
7 single head of household, who has not attained
8 20 years of age, and the individual—

9 “(i) maintains satisfactory attendance
10 at secondary school or the equivalent in
11 the month; or

12 “(ii) participates in education directly
13 related to employment for an average of at
14 least 20 hours per week in the month.

15 “(d) DIRECT WORK ACTIVITY.—In this section, the
16 term ‘direct work activity’ means—

17 “(1) unsubsidized employment;
18 “(2) subsidized private sector employment;
19 “(3) subsidized public sector employment;
20 “(4) on-the-job training;
21 “(5) supervised work experience; or
22 “(6) supervised community service.”.

23 (f) PENALTIES AGAINST INDIVIDUALS.—Section
24 407(e)(1) (42 U.S.C. 607(e)(1)) is amended to read as
25 follows:

1 “(1) REDUCTION OR TERMINATION OF ASSIST-
2 ANCE.—

3 “(A) IN GENERAL.—Except as provided in
4 paragraph (2), if an individual in a family re-
5 ceiving assistance under a State program fund-
6 ed under this part fails to engage in activities
7 required in accordance with this section, or
8 other activities required by the State under the
9 program, and the family does not otherwise en-
10 gage in activities in accordance with the self-
11 sufficiency plan established for the family pur-
12 suant to section 408(b), the State shall—

13 “(i) if the failure is partial or persists
14 for not more than 1 month—

15 “(I) reduce the amount of assist-
16 ance otherwise payable to the family
17 pro rata (or more, at the option of the
18 State) with respect to any period dur-
19 ing a month in which the failure oc-
20 curs; or

21 “(II) terminate all assistance to
22 the family, subject to such good cause
23 exceptions as the State may establish;
24 or

1 “(ii) if the failure is total and persists
2 for at least 2 consecutive months, termi-
3 nate all cash payments to the family in-
4 cluding qualified State expenditures (as de-
5 fined in section 409(a)(7)(B)(i)) for at
6 least 1 month and thereafter until the
7 State determines that the individual has
8 resumed full participation in the activities,
9 subject to such good cause exceptions as
10 the State may establish.

11 “(B) SPECIAL RULE.—

12 “(i) IN GENERAL.—In the event of a
13 conflict between a requirement of clause
14 (i)(II) or (ii) of subparagraph (A) and a
15 requirement of a State constitution, or of
16 a State statute that, before 1966, obligated
17 local government to provide assistance to
18 needy parents and children, the State con-
19 stitutional or statutory requirement shall
20 control.

21 “(ii) LIMITATION.—Clause (i) of this
22 subparagraph shall not apply after the 1-
23 year period that begins with the date of
24 the enactment of this subparagraph.”.

25 (g) CONFORMING AMENDMENTS.—

1 (1) Section 407(f) (42 U.S.C. 607(f)) is amend-
 2 ed in each of paragraphs (1) and (2) by striking
 3 “work activity described in subsection (d)” and in-
 4 serting “direct work activity”.

5 (2) The heading of section 409(a)(14) (42
 6 U.S.C. 609(a)(14)) is amended by inserting “OR RE-
 7 FUSING TO ENGAGE IN ACTIVITIES UNDER A FAMILY
 8 SELF-SUFFICIENCY PLAN” after “WORK”.

9 (h) EFFECTIVE DATE.—The amendments made by
 10 this section (other than subsection (a)) shall take effect
 11 on October 1, 2003.

12 **SEC. 111. MAINTENANCE OF EFFORT.**

13 (a) IN GENERAL.—Section 409(a)(7) (42 U.S.C.
 14 609(a)(7)) is amended—

15 (1) in subparagraph (A) by striking “fiscal year
 16 1998, 1999, 2000, 2001, 2002, or 2003” and insert-
 17 ing “fiscal year 2003, 2004, 2005, 2006, 2007,
 18 2008, or 2009”; and

19 (2) in subparagraph (B)(ii)—

20 (A) by inserting “preceding” before “fiscal
 21 year”; and

22 (B) by striking “for fiscal years 1997
 23 through 2002,”.

24 (b) STATE SPENDING ON PROMOTING HEALTHY
 25 MARRIAGE.—

1 (1) IN GENERAL.—Section 404 (42 U.S.C. 604)

2 is amended by adding at the end the following:

3 “(l) MARRIAGE PROMOTION.—A State, territory, or
4 tribal organization to which a grant is made under section
5 403(a)(2) may use a grant made to the State, territory,
6 or tribal organization under any other provision of section
7 403 for marriage promotion activities, and the amount of
8 any such grant so used shall be considered State funds
9 for purposes of section 403(a)(2).”.

10 (2) FEDERAL TANF FUNDS USED FOR MAR-
11 RIAGE PROMOTION DISREGARDED FOR PURPOSES OF
12 MAINTENANCE OF EFFORT REQUIREMENT.—Section
13 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)), as
14 amended by section 103(c) of this Act, is amended
15 by adding at the end the following:

16 “(VI) EXCLUSION OF FEDERAL
17 TANF FUNDS USED FOR MARRIAGE
18 PROMOTION ACTIVITIES.—Such term
19 does not include the amount of any
20 grant made to the State under section
21 403 that is expended for a marriage
22 promotion activity.”.

23 **SEC. 112. PERFORMANCE IMPROVEMENT.**

24 (a) STATE PLANS.—Section 402(a) (42 U.S.C.
25 602(a)) is amended—

1 (1) in paragraph (1)—

2 (A) in subparagraph (A)—

3 (i) by redesignating clause (vi) and
4 clause (vii) (as added by section 103(a) of
5 this Act) as clauses (vii) and (viii), respec-
6 tively; and

7 (ii) by striking clause (v) and insert-
8 ing the following:

9 “(v) The document shall—

10 “(I) describe how the State will
11 pursue ending dependence of needy
12 families on government benefits and
13 reducing poverty by promoting job
14 preparation and work;

15 “(II) describe how the State will
16 encourage the formation and mainte-
17 nance of healthy 2-parent married
18 families, encourage responsible father-
19 hood, and prevent and reduce the inci-
20 dence of out-of-wedlock pregnancies;

21 “(III) include specific, numerical,
22 and measurable performance objec-
23 tives for accomplishing subclauses (I)
24 and (II), and with respect to sub-
25 clause (I), include objectives con-

1 sistent with the criteria used by the
2 Secretary in establishing performance
3 targets under section 403(a)(4)(B) if
4 available; and

5 “(IV) describe the methodology
6 that the State will use to measure
7 State performance in relation to each
8 such objective.

9 “(vi) Describe any strategies and pro-
10 grams the State may be undertaking to ad-
11 dress—

12 “(I) employment retention and
13 advancement for recipients of assist-
14 ance under the program, including
15 placement into high-demand jobs, and
16 whether the jobs are identified using
17 labor market information;

18 “(II) efforts to reduce teen preg-
19 nancy;

20 “(III) services for struggling and
21 noncompliant families, and for clients
22 with special problems; and

23 “(IV) program integration, in-
24 cluding the extent to which employ-
25 ment and training services under the

1 program are provided through the
2 One-Stop delivery system created
3 under the Workforce Investment Act
4 of 1998, and the extent to which
5 former recipients of such assistance
6 have access to additional core, inten-
7 sive, or training services funded
8 through such Act.”; and

9 (B) in subparagraph (B), by striking
10 clause (iii) (as so redesignated by section
11 107(b)(1) of this Act) and inserting the fol-
12 lowing:

13 “(iii) The document shall describe
14 strategies and programs the State is un-
15 dertaking to engage religious organizations
16 in the provision of services funded under
17 this part and efforts related to section 104
18 of the Personal Responsibility and Work
19 Opportunity Reconciliation Act of 1996.

20 “(iv) The document shall describe
21 strategies to improve program manage-
22 ment and performance.”; and

23 (2) in paragraph (4), by inserting “and tribal”
24 after “that local”.

1 (b) CONSULTATION WITH STATE REGARDING PLAN
2 AND DESIGN OF TRIBAL PROGRAMS.—Section 412(b)(1)
3 (42 U.S.C. 612(b)(1)) is amended—

4 (1) by striking “and” at the end of subpara-
5 graph (E);

6 (2) by striking the period at the end of sub-
7 paragraph (F) and inserting “; and”; and

8 (3) by adding at the end the following:

9 “(G) provides an assurance that the State
10 in which the tribe is located has been consulted
11 regarding the plan and its design.”.

12 (c) PERFORMANCE MEASURES.—Section 413 (42
13 U.S.C. 613) is amended by adding at the end the fol-
14 lowing:

15 “(k) PERFORMANCE IMPROVEMENT.—The Secretary,
16 in consultation with the States, shall develop uniform per-
17 formance measures designed to assess the degree of effec-
18 tiveness, and the degree of improvement, of State pro-
19 grams funded under this part in accomplishing the pur-
20 poses of this part.”.

21 (d) ANNUAL RANKING OF STATES.—Section
22 413(d)(1) (42 U.S.C. 613(d)(1)) is amended by striking
23 “long-term private sector jobs” and inserting “private sec-
24 tor jobs, the success of the recipients in retaining employ-
25 ment, the ability of the recipients to increase their wages”.

1 **SEC. 113. DATA COLLECTION AND REPORTING.**

2 (a) CONTENTS OF REPORT.—Section 411(a)(1)(A)
3 (42 U.S.C. 611(a)(1)(A)) is amended—

4 (1) in the matter preceding clause (i), by insert-
5 ing “and on families receiving assistance under
6 State programs funded with other qualified State ex-
7 penditures (as defined in section 409(a)(7)(B))” be-
8 fore the colon;

9 (2) in clause (vii), by inserting “and minor par-
10 ent” after “of each adult”;

11 (3) in clause (viii), by striking “and educational
12 level”;

13 (4) in clause (ix), by striking “, and if the lat-
14 ter 2, the amount received”;

15 (5) in clause (x)—

16 (A) by striking “each type of”; and

17 (B) by inserting before the period “and, if
18 applicable, the reason for receipt of the assist-
19 ance for a total of more than 60 months”;

20 (6) in clause (xi), by striking the subclauses
21 and inserting the following:

22 “(I) Subsidized private sector
23 employment.

24 “(II) Unsubsidized employment.

1 “(III) Public sector employment,
2 supervised work experience, or super-
3 vided community service.

4 “(IV) On-the-job training.

5 “(V) Job search and placement.

6 “(VI) Training.

7 “(VII) Education.

8 “(VIII) Other activities directed
9 at the purposes of this part, as speci-
10 fied in the State plan submitted pur-
11 suant to section 402.”;

12 (7) in clause (xii), by inserting “and progress
13 toward universal engagement” after “participation
14 rates”;

15 (8) in clause (xiii), by striking “type and” be-
16 fore “amount of assistance”;

17 (9) in clause (xvi), by striking subclause (II)
18 and redesignating subclauses (III) through (V) as
19 subclauses (II) through (IV), respectively; and

20 (10) by adding at the end the following:

21 “(xviii) The date the family first re-
22 ceived assistance from the State program
23 on the basis of the most recent application
24 for such assistance.

1 “(xix) Whether a self-sufficiency plan
2 is established for the family in accordance
3 with section 408(b).

4 “(xx) With respect to any child in the
5 family, the marital status of the parents at
6 the birth of the child, and if the parents
7 were not then married, whether the pater-
8 nity of the child has been established.”.

9 (b) USE OF SAMPLES.—Section 411(a)(1)(B) (42
10 U.S.C. 611(a)(1)(B)) is amended—

11 (1) in clause (i)—

12 (A) by striking “a sample” and inserting
13 “samples”; and

14 (B) by inserting before the period “, except
15 that the Secretary may designate core data ele-
16 ments that must be reported on all families”;
17 and

18 (2) in clause (ii), by striking “funded under this
19 part” and inserting “described in subparagraph
20 (A)”.

21 (c) REPORT ON FAMILIES THAT BECOME INELI-
22 GIBLE TO RECEIVE ASSISTANCE.—Section 411(a) (42
23 U.S.C. 611(a)) is amended—

24 (1) by striking paragraph (5);

1 (2) by redesignating paragraph (6) as para-
2 graph (5); and

3 (3) by inserting after paragraph (5) (as so re-
4 designated) the following:

5 “(6) REPORT ON FAMILIES THAT BECOME IN-
6 ELIGIBLE TO RECEIVE ASSISTANCE.—The report re-
7 quired by paragraph (1) for a fiscal quarter shall in-
8 clude for each month in the quarter the number of
9 families and total number of individuals that, during
10 the month, became ineligible to receive assistance
11 under the State program funded under this part
12 (broken down by the number of families that become
13 so ineligible due to earnings, changes in family com-
14 position that result in increased earnings, sanctions,
15 time limits, or other specified reasons).”.

16 (d) REGULATIONS.—Section 411(a)(7) (42 U.S.C.
17 611(a)(7)) is amended—

18 (1) by inserting “and to collect the necessary
19 data” before “with respect to which reports”;

20 (2) by striking “subsection” and inserting “sec-
21 tion”; and

22 (3) by striking “in defining the data elements”
23 and all that follows and inserting “, the National
24 Governors’ Association, the American Public Human
25 Services Association, the National Conference of

1 State Legislatures, and others in defining the data
2 elements.”.

3 (e) ADDITIONAL REPORTS BY STATES.—Section 411
4 (42 U.S.C. 611) is amended—

5 (1) by redesignating subsection (b) as sub-
6 section (e); and

7 (2) by inserting after subsection (a) the fol-
8 lowing:

9 “(b) ANNUAL REPORTS ON PROGRAM CHARACTERIS-
10 TICS.—Not later than 90 days after the end of fiscal year
11 2004 and each succeeding fiscal year, each eligible State
12 shall submit to the Secretary a report on the characteris-
13 ties of the State program funded under this part and other
14 State programs funded with qualified State expenditures
15 (as defined in section 409(a)(7)(B)(i)). The report shall
16 include, with respect to each such program, the program
17 name, a description of program activities, the program
18 purpose, the program eligibility criteria, the sources of
19 program funding, the number of program beneficiaries,
20 sanction policies, and any program work requirements.

21 “(c) MONTHLY REPORTS ON CASELOAD.—Not later
22 than 3 months after the end of a calendar month that
23 begins 1 year or more after the enactment of this sub-
24 section, each eligible State shall submit to the Secretary
25 a report on the number of families and total number of

1 individuals receiving assistance in the calendar month
2 under the State program funded under this part.

3 “(d) ANNUAL REPORT ON PERFORMANCE IMPROVE-
4 MENT.—Beginning with fiscal year 2005, not later than
5 January 1 of each fiscal year, each eligible State shall sub-
6 mit to the Secretary a report on achievement and improve-
7 ment during the preceding fiscal year under the numerical
8 performance goals and measures under the State program
9 funded under this part with respect to each of the matters
10 described in section 402(a)(1)(A)(v).”.

11 (f) ANNUAL REPORTS TO CONGRESS BY THE SEC-
12 RETARY.—Section 411(e), as so redesignated by sub-
13 section (e) of this section, is amended—

14 (1) in the matter preceding paragraph (1), by
15 striking “and each fiscal year thereafter” and insert-
16 ing “and by July 1 of each fiscal year thereafter”;

17 (2) in paragraph (2), by striking “families ap-
18 plying for assistance,” and by striking the last
19 comma; and

20 (3) in paragraph (3), by inserting “and other
21 programs funded with qualified State expenditures
22 (as defined in section 409(a)(7)(B)(i))” before the
23 semicolon.

1 (g) INCREASED ANALYSIS OF STATE SINGLE AUDIT
2 REPORTS.—Section 411 (42 U.S.C. 611) is amended by
3 adding at the end the following:

4 “(f) INCREASED ANALYSIS OF STATE SINGLE AUDIT
5 REPORTS.—

6 “(1) IN GENERAL.—Within 3 months after a
7 State submits to the Secretary a report pursuant to
8 section 7502(a)(1)(A) of title 31, United States
9 Code, the Secretary shall analyze the report for the
10 purpose of identifying the extent and nature of prob-
11 lems related to the oversight by the State of non-
12 governmental entities with respect to contracts en-
13 tered into by such entities with the State program
14 funded under this part, and determining what addi-
15 tional actions may be appropriate to help prevent
16 and correct the problems.

17 “(2) INCLUSION OF PROGRAM OVERSIGHT SEC-
18 TION IN ANNUAL REPORT TO THE CONGRESS.—The
19 Secretary shall include in each report under sub-
20 section (e) a section on oversight of State programs
21 funded under this part, including findings on the ex-
22 tent and nature of the problems referred to in para-
23 graph (1), actions taken to resolve the problems, and
24 to the extent the Secretary deems appropriate make

1 recommendations on changes needed to resolve the
2 problems.”.

3 **SEC. 114. DIRECT FUNDING AND ADMINISTRATION BY IN-**
4 **DIAN TRIBES.**

5 (a) TRIBAL FAMILY ASSISTANCE GRANT.—Section
6 412(a)(1)(A) (42 U.S.C. 612(a)(1)(A)) is amended by
7 striking “1997, 1998, 1999, 2000, 2001, and 2002” and
8 inserting “2004 through 2008”.

9 (b) GRANTS FOR INDIAN TRIBES THAT RECEIVED
10 JOBS FUNDS.—Section 412(a)(2)(A) (42 U.S.C.
11 612(a)(2)(A)) is amended by striking “1997, 1998, 1999,
12 2000, 2001, and 2002” and inserting “2004 through
13 2008”.

14 **SEC. 115. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**
15 **IES.**

16 (a) SECRETARY’S FUND FOR RESEARCH, DEM-
17 ONSTRATIONS, AND TECHNICAL ASSISTANCE.—Section
18 413 (42 U.S.C. 613), as amended by section 112(c) of
19 this Act, is further amended by adding at the end the fol-
20 lowing:

21 “(l) FUNDING FOR RESEARCH, DEMONSTRATIONS,
22 AND TECHNICAL ASSISTANCE.—

23 “(1) APPROPRIATION.—

24 “(A) IN GENERAL.—Out of any money in
25 the Treasury of the United States not otherwise

1 appropriated, there are appropriated
2 \$102,000,000 for each of fiscal years 2003
3 through 2008, which shall be available to the
4 Secretary for the purpose of conducting and
5 supporting research and demonstration projects
6 by public or private entities, and providing tech-
7 nical assistance to States, Indian tribal organi-
8 zations, and such other entities as the Secretary
9 may specify that are receiving a grant under
10 this part, which shall be expended primarily on
11 activities described in section 403(a)(2)(B), and
12 which shall be in addition to any other funds
13 made available under this part.

14 “(B) EXTENDED AVAILABILITY OF FY 2003
15 FUNDS.—Funds appropriated under this para-
16 graph for fiscal year 2003 shall remain avail-
17 able to the Secretary through fiscal year 2004,
18 for use in accordance with this paragraph for
19 fiscal year 2003.

20 “(2) SET ASIDE FOR DEMONSTRATION
21 PROJECTS FOR COORDINATION OF PROVISION OF
22 CHILD WELFARE AND TANF SERVICES TO TRIBAL
23 FAMILIES AT RISK OF CHILD ABUSE OR NEGLECT.—

24 “(A) IN GENERAL.—Of the amounts made
25 available under paragraph (1) for a fiscal year,

1 \$2,000,000 shall be awarded on a competitive
2 basis to fund demonstration projects designed
3 to test the effectiveness of tribal governments
4 or tribal consortia in coordinating the provision
5 to tribal families at risk of child abuse or ne-
6 glect of child welfare services and services
7 under tribal programs funded under this part.

8 “(B) USE OF FUNDS.—A grant made to
9 such a project shall be used—

10 “(i) to improve case management for
11 families eligible for assistance from such a
12 tribal program;

13 “(ii) for supportive services and as-
14 sistance to tribal children in out-of-home
15 placements and the tribal families caring
16 for such children, including families who
17 adopt such children; and

18 “(iii) for prevention services and as-
19 sistance to tribal families at risk of child
20 abuse and neglect.

21 “(C) REPORTS.—The Secretary may re-
22 quire a recipient of funds awarded under this
23 paragraph to provide the Secretary with such
24 information as the Secretary deems relevant to
25 enable the Secretary to facilitate and oversee

1 the administration of any project for which
2 funds are provided under this paragraph.”.

3 (b) FUNDING OF STUDIES AND DEMONSTRATIONS.—
4 Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended in
5 the matter preceding subparagraph (A) by striking “1997
6 through 2002” and inserting “2004 through 2008”.

7 (c) REPORT ON ENFORCEMENT OF CERTAIN AFFIDA-
8 VITS OF SUPPORT AND SPONSOR DEEMING.—Not later
9 than March 31, 2004, the Secretary of Health and Human
10 Services, in consultation with the Attorney General, shall
11 submit to the Congress a report on the enforcement of
12 affidavits of support and sponsor deeming as required by
13 section 421, 422, and 432 of the Personal Responsibility
14 and Work Opportunity Reconciliation Act of 1996.

15 (d) REPORT ON COORDINATION.—Not later than 6
16 months after the date of the enactment of this Act, the
17 Secretary of Health and Human Services and the Sec-
18 retary of Labor shall jointly submit a report to the Con-
19 gress describing common or conflicting data elements,
20 definitions, performance measures, and reporting require-
21 ments in the Workforce Investment Act of 1998 and part
22 A of title IV of the Social Security Act, and, to the degree
23 each Secretary deems appropriate, at the discretion of ei-
24 ther Secretary, any other program administered by the re-

1 spective Secretary, to allow greater coordination between
2 the welfare and workforce development systems.

3 **SEC. 116. STUDIES BY THE CENSUS BUREAU AND THE GEN-**
4 **ERAL ACCOUNTING OFFICE.**

5 (a) CENSUS BUREAU STUDY.—

6 (1) IN GENERAL.—Section 414(a) (42 U.S.C.
7 614(a)) is amended to read as follows:

8 “(a) IN GENERAL.—The Bureau of the Census shall
9 implement or enhance a longitudinal survey of program
10 participation, developed in consultation with the Secretary
11 and made available to interested parties, to allow for the
12 assessment of the outcomes of continued welfare reform
13 on the economic and child well-being of low-income fami-
14 lies with children, including those who received assistance
15 or services from a State program funded under this part,
16 and, to the extent possible, shall provide State representa-
17 tive samples. The content of the survey should include
18 such information as may be necessary to examine the
19 issues of out-of-wedlock childbearing, marriage, welfare
20 dependency and compliance with work requirements, the
21 beginning and ending of spells of assistance, work, earn-
22 ings and employment stability, and the well-being of chil-
23 dren.”.

24 (2) APPROPRIATION.—Section 414(b) (42
25 U.S.C. 614(b)) is amended—

1 (A) by striking “1996,” and all that fol-
2 lows through “2002” and inserting “2004
3 through 2008”; and

4 (B) by adding at the end the following:
5 “Funds appropriated under this subsection
6 shall remain available through fiscal year 2008
7 to carry out subsection (a).”.

8 (b) GAO STUDY.—

9 (1) IN GENERAL.—The Comptroller General of
10 the United States shall conduct a study to determine
11 the combined effect of the phase-out rates for Fed-
12 eral programs and policies which provide support to
13 low-income families and individuals as they move
14 from welfare to work, at all earning levels up to
15 \$35,000 per year, for at least 5 States including
16 Wisconsin and California, and any potential dis-
17 incentives the combined phase-out rates create for
18 families to achieve independence or to marry.

19 (2) REPORT.—Not later than 1 year after the
20 date of the enactment of this subsection, the Comp-
21 troller General shall submit a report to Congress
22 containing the results of the study conducted under
23 this section and, as appropriate, any recommenda-
24 tions consistent with the results.

1 **SEC. 117. DEFINITION OF ASSISTANCE.**

2 (a) IN GENERAL.—Section 419 (42 U.S.C. 619) is
3 amended by adding at the end the following:

4 “(6) ASSISTANCE.—

5 “(A) IN GENERAL.—The term ‘assistance’
6 means payment, by cash, voucher, or other
7 means, to or for an individual or family for the
8 purpose of meeting a subsistence need of the in-
9 dividual or family (including food, clothing,
10 shelter, and related items, but not including
11 costs of transportation or child care).

12 “(B) EXCEPTION.—The term ‘assistance’
13 does not include a payment described in sub-
14 paragraph (A) to or for an individual or family
15 on a short-term, nonrecurring basis (as defined
16 by the State in accordance with regulations pre-
17 scribed by the Secretary).”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is
20 amended by striking “assistance” and inserting
21 “aid”.

22 (2) Section 404(f) (42 U.S.C. 604(f)) is amend-
23 ed by striking “assistance” and inserting “benefits
24 or services”.

1 (3) Section 408(a)(5)(B)(i) (42 U.S.C.
2 608(a)(5)(B)(i)) is amended in the heading by strik-
3 ing “ASSISTANCE” and inserting “AID”.

4 (4) Section 413(d)(2) (42 U.S.C. 613(d)(2)) is
5 amended by striking “assistance” and inserting
6 “aid”.

7 **SEC. 118. TECHNICAL CORRECTIONS.**

8 (a) Section 409(c)(2) (42 U.S.C. 609(c)(2)) is
9 amended by inserting a comma after “appropriate”.

10 (b) Section 411(a)(1)(A)(ii)(III) (42 U.S.C.
11 611(a)(1)(A)(ii)(III)) is amended by striking the last close
12 parenthesis.

13 (c) Section 413(j)(2)(A) (42 U.S.C. 613(j)(2)(A)) is
14 amended by striking “section” and inserting “sections”.

15 (d)(1) Section 413 (42 U.S.C. 613) is amended by
16 striking subsection (g) and redesignating subsections (h)
17 through (j) and subsections (k) and (l) (as added by sec-
18 tions 112(c) and 115(a) of this Act, respectively) as sub-
19 sections (g) through (k), respectively.

20 (2) Each of the following provisions is amended by
21 striking “413(j)” and inserting “413(i)”:

22 (A) Section 403(a)(5)(A)(ii)(III) (42 U.S.C.
23 603(a)(5)(A)(ii)(III)).

24 (B) Section 403(a)(5)(F) (42 U.S.C.
25 603(a)(5)(F)).

1 (C) Section 403(a)(5)(G)(ii) (42 U.S.C.
2 603(a)(5)(G)(ii)).

3 (D) Section 412(a)(3)(B)(iv) (42 U.S.C.
4 612(a)(3)(B)(iv)).

5 **SEC. 119. FATHERHOOD PROGRAM.**

6 (a) SHORT TITLE.—This section may be cited as the
7 “Promotion and Support of Responsible Fatherhood and
8 Healthy Marriage Act of 2003”.

9 (b) FATHERHOOD PROGRAM.—

10 (1) IN GENERAL.—Title I of the Personal Re-
11 sponsibility and Work Opportunity Reconciliation
12 Act of 1996 (Public Law 104–193) is amended by
13 adding at the end the following:

14 **“SEC. 117. FATHERHOOD PROGRAM.**

15 “(a) IN GENERAL.—Title IV (42 U.S.C. 601–679b)
16 is amended by inserting after part B the following:

17 **“PART C—FATHERHOOD PROGRAM**

18 **“SEC. 441. FINDINGS AND PURPOSES.**

19 “(a) FINDINGS.—The Congress finds that there is
20 substantial evidence strongly indicating the urgent need
21 to promote and support involved, committed, and respon-
22 sible fatherhood, and to encourage and support healthy
23 marriages between parents raising children, including data
24 demonstrating the following:

1 “(1) In approximately 90 percent of cases
2 where a parent is absent, that parent is the father.

3 “(2) By some estimates, 60 percent of children
4 born in the 1990’s will spend a significant portion
5 of their childhood in a home without a father.

6 “(3) Nearly 75 percent of children in single-
7 parent homes will experience poverty before they are
8 11 years old, compared with only 20 percent of chil-
9 dren in 2-parent families.

10 “(4) Low income is positively correlated with
11 children’s difficulties with education, social adjust-
12 ment, and delinquency, and single-parent households
13 constitute a disproportionate share of low-income
14 households.

15 “(5) Where families (whether intact or with a
16 parent absent) are living in poverty, a significant
17 factor is the father’s lack of job skills.

18 “(6) Children raised in 2-parent married fami-
19 lies, on average, fare better as a group in key areas,
20 including better school performance, reduced rates of
21 substance abuse, crime, and delinquency, fewer
22 health, emotional, and behavioral problems, lower
23 rates of teenage sexual activity, less risk of abuse or
24 neglect, and lower risk of teen suicide.

1 “(7) Committed and responsible fathering dur-
2 ing infancy and early childhood contributes to the
3 development of emotional security, curiosity, and
4 math and verbal skills.

5 “(8) An estimated 24,000,000 children (33.5
6 percent) live apart from their biological father.

7 “(9) A recent national survey indicates that of
8 children under age 18 not living with their biological
9 father, 37 percent had not seen their father even
10 once in the last 12 months.

11 “(b) PURPOSES.—The purposes of this part are:

12 “(1) To provide for projects and activities by
13 public entities and by nonprofit community entities,
14 including religious organizations, designed to test
15 promising approaches to accomplishing the following
16 objectives:

17 “(A) Promoting responsible, caring, and
18 effective parenting through counseling, men-
19 toring, and parenting education, dissemination
20 of educational materials and information on
21 parenting skills, encouragement of positive fa-
22 ther involvement, including the positive involve-
23 ment of nonresident fathers, and other meth-
24 ods.

1 “(B) Enhancing the abilities and commit-
2 ment of unemployed or low-income fathers to
3 provide material support for their families and
4 to avoid or leave welfare programs by assisting
5 them to take full advantage of education, job
6 training, and job search programs, to improve
7 work habits and work skills, to secure career
8 advancement by activities such as outreach and
9 information dissemination, coordination, as ap-
10 propriate, with employment services and job
11 training programs, including the One-Stop de-
12 livery system established under title I of the
13 Workforce Investment Act of 1998, encourage-
14 ment and support of timely payment of current
15 child support and regular payment toward past
16 due child support obligations in appropriate
17 cases, and other methods.

18 “(C) Improving fathers’ ability to effec-
19 tively manage family business affairs by means
20 such as education, counseling, and mentoring in
21 matters including household management,
22 budgeting, banking, and handling of financial
23 transactions, time management, and home
24 maintenance.

1 “(D) Encouraging and supporting healthy
2 marriages and married fatherhood through such
3 activities as premarital education, including the
4 use of premarital inventories, marriage prepara-
5 tion programs, skills-based marriage education
6 programs, marital therapy, couples counseling,
7 divorce education and reduction programs, di-
8 vorce mediation and counseling, relationship
9 skills enhancement programs, including those
10 designed to reduce child abuse and domestic vi-
11 olence, and dissemination of information about
12 the benefits of marriage for both parents and
13 children.

14 “(2) Through the projects and activities de-
15 scribed in paragraph (1), to improve outcomes for
16 children with respect to measures such as increased
17 family income and economic security, improved
18 school performance, better health, improved emo-
19 tional and behavioral stability and social adjustment,
20 and reduced risk of delinquency, crime, substance
21 abuse, child abuse and neglect, teen sexual activity,
22 and teen suicide.

23 “(3) To evaluate the effectiveness of various
24 approaches and to disseminate findings concerning
25 outcomes and other information in order to encour-

1 age and facilitate the replication of effective ap-
2 proaches to accomplishing these objectives.

3 **“SEC. 442. DEFINITIONS.**

4 “‘In this part, the terms “Indian tribe” and “tribal
5 organization” have the meanings given them in sub-
6 sections (e) and (l), respectively, of section 4 of the Indian
7 Self-Determination and Education Assistance Act.

8 **“SEC. 443. COMPETITIVE GRANTS FOR SERVICE PROJECTS.**

9 “‘(a) IN GENERAL.—The Secretary may make
10 grants for fiscal years 2004 through 2008 to public and
11 nonprofit community entities, including religious organiza-
12 tions, and to Indian tribes and tribal organizations, for
13 demonstration service projects and activities designed to
14 test the effectiveness of various approaches to accomplish
15 the objectives specified in section 441(b)(1).

16 “‘(b) ELIGIBILITY CRITERIA FOR FULL SERVICE
17 GRANTS.—In order to be eligible for a grant under this
18 section, except as specified in subsection (c), an entity
19 shall submit an application to the Secretary containing the
20 following:

21 “‘(1) PROJECT DESCRIPTION.—A statement in-
22 cluding—

23 “‘(A) a description of the project and how
24 it will be carried out, including the geographical
25 area to be covered and the number and charac-

1 teristics of clients to be served, and how it will
2 address each of the 4 objectives specified in sec-
3 tion 441(b)(1); and

4 “(B) a description of the methods to be
5 used by the entity or its contractor to assess
6 the extent to which the project was successful
7 in accomplishing its specific objectives and the
8 general objectives specified in section 441(b)(1).

9 “(2) EXPERIENCE AND QUALIFICATIONS.—A
10 demonstration of ability to carry out the project, by
11 means such as demonstration of experience in suc-
12 cessfully carrying out projects of similar design and
13 scope, and such other information as the Secretary
14 may find necessary to demonstrate the entity’s ca-
15 pacity to carry out the project, including the entity’s
16 ability to provide the non-Federal share of project
17 resources.

18 “(3) ADDRESSING CHILD ABUSE AND NE-
19 GLECT AND DOMESTIC VIOLENCE.—A description of
20 how the entity will assess for the presence of, and
21 intervene to resolve, domestic violence and child
22 abuse and neglect, including how the entity will co-
23 ordinate with State and local child protective service
24 and domestic violence programs.

1 “(4) ADDRESSING CONCERNS RELATING TO
2 SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A com-
3 mitment to make available to each individual partici-
4 pating in the project education about alcohol, to-
5 bacco, and other drugs, and about the health risks
6 associated with abusing such substances, and infor-
7 mation about diseases and conditions transmitted
8 through substance abuse and sexual contact, includ-
9 ing HIV/AIDS, and to coordinate with providers of
10 services addressing such problems, as appropriate.

11 “(5) COORDINATION WITH SPECIFIED PRO-
12 GRAMS.—An undertaking to coordinate, as appro-
13 priate, with State and local entities responsible for
14 the programs under parts A, B, and D of this title,
15 including programs under title I of the Workforce
16 Investment Act of 1998 (including the One-Stop de-
17 livery system), and such other programs as the Sec-
18 retary may require.

19 “(6) RECORDS, REPORTS, AND AUDITS.—An
20 agreement to maintain such records, make such re-
21 ports, and cooperate with such reviews or audits as
22 the Secretary may find necessary for purposes of
23 oversight of project activities and expenditures.

24 “(7) SELF-INITIATED EVALUATION.—If the
25 entity elects to contract for independent evaluation

1 of the project (part or all of the cost of which may
2 be paid for using grant funds), a commitment to
3 submit to the Secretary a copy of the evaluation re-
4 port within 30 days after completion of the report
5 and not more than 1 year after completion of the
6 project.

7 ““(8) COOPERATION WITH SECRETARY’S OVER-
8 SIGHT AND EVALUATION.—An agreement to cooper-
9 ate with the Secretary’s evaluation of projects as-
10 sisted under this section, by means including ran-
11 dom assignment of clients to service recipient and
12 control groups, if determined by the Secretary to be
13 appropriate, and affording the Secretary access to
14 the project and to project-related records and docu-
15 ments, staff, and clients.

16 ““(c) ELIGIBILITY CRITERIA FOR LIMITED PURPOSE
17 GRANTS.—In order to be eligible for a grant under this
18 section in an amount under \$25,000 per fiscal year, an
19 entity shall submit an application to the Secretary con-
20 taining the following:

21 ““(1) PROJECT DESCRIPTION.—A description of
22 the project and how it will be carried out, including
23 the number and characteristics of clients to be
24 served, the proposed duration of the project, and

1 how it will address at least 1 of the 4 objectives
2 specified in section 441(b)(1).

3 “(2) QUALIFICATIONS.—Such information as
4 the Secretary may require as to the capacity of the
5 entity to carry out the project, including any pre-
6 vious experience with similar activities.

7 “(3) COORDINATION WITH RELATED PRO-
8 GRAMS.—As required by the Secretary in appro-
9 priate cases, an undertaking to coordinate and co-
10 operate with State and local entities responsible for
11 specific programs relating to the objectives of the
12 project including, as appropriate, jobs programs and
13 programs serving children and families.

14 “(4) RECORDS, REPORTS, AND AUDITS.—An
15 agreement to maintain such records, make such re-
16 ports, and cooperate with such reviews or audits as
17 the Secretary may find necessary for purposes of
18 oversight of project activities and expenditures.

19 “(5) COOPERATION WITH SECRETARY’S OVER-
20 SIGHT AND EVALUATION.—An agreement to cooper-
21 ate with the Secretary’s evaluation of projects as-
22 sisted under this section, by means including afford-
23 ing the Secretary access to the project and to
24 project-related records and documents, staff, and cli-
25 ents.

1 ““(d) CONSIDERATIONS IN AWARDING GRANTS.—

2 ““(1) DIVERSITY OF PROJECTS.—In awarding
3 grants under this section, the Secretary shall seek to
4 achieve a balance among entities of differing sizes,
5 entities in differing geographic areas, entities in
6 urban and in rural areas, and entities employing dif-
7 fering methods of achieving the purposes of this sec-
8 tion, including working with the State agency re-
9 sponsible for the administration of part D to help fa-
10 thers satisfy child support arrearage obligations.

11 ““(2) PREFERENCE FOR PROJECTS SERVING
12 LOW-INCOME FATHERS.—In awarding grants under
13 this section, the Secretary may give preference to
14 applications for projects in which a majority of the
15 clients to be served are low-income fathers.

16 ““(e) FEDERAL SHARE.—

17 ““(1) IN GENERAL.—Grants for a project under
18 this section for a fiscal year shall be available for a
19 share of the cost of such project in such fiscal year
20 equal to—

21 ““(A) up to 80 percent (or up to 90 per-
22 cent, if the entity demonstrates to the Sec-
23 retary’s satisfaction circumstances limiting the
24 entity’s ability to secure non-Federal resources)

1 in the case of a project under subsection (b);
2 and

3 ““(B) up to 100 percent, in the case of a
4 project under subsection (c).

5 ““(2) NON-FEDERAL SHARE.—The non-Federal
6 share may be in cash or in kind. In determining the
7 amount of the non-Federal share, the Secretary may
8 attribute fair market value to goods, services, and
9 facilities contributed from non-Federal sources.

10 **““SEC. 444. MULTICITY, MULTISTATE DEMONSTRATION**
11 **PROJECTS.**

12 ““(a) IN GENERAL.—The Secretary may make
13 grants under this section for fiscal years 2004 through
14 2008 to eligible entities (as specified in subsection (b)) for
15 2 multicity, multistate projects demonstrating approaches
16 to achieving the objectives specified in section 441(b)(1).
17 One of the projects shall test the use of married couples
18 to deliver program services.

19 ““(b) ELIGIBLE ENTITIES.—An entity eligible for a
20 grant under this section must be a national nonprofit fa-
21 therhood promotion organization that meets the following
22 requirements:

23 ““(1) EXPERIENCE WITH FATHERHOOD PRO-
24 GRAMS.—The organization must have substantial ex-
25 perience in designing and successfully conducting

1 programs that meet the purposes described in sec-
2 tion 441.

3 ““(2) EXPERIENCE WITH MULTICITY,
4 MULTISTATE PROGRAMS AND GOVERNMENT COORDI-
5 NATION.—The organization must have experience in
6 simultaneously conducting such programs in more
7 than 1 major metropolitan area in more than 1
8 State and in coordinating such programs, where ap-
9 propriate, with State and local government agencies
10 and private, nonprofit agencies (including commu-
11 nity-based and religious organizations), including
12 State or local agencies responsible for child support
13 enforcement and workforce development.

14 ““(c) APPLICATION REQUIREMENTS.—In order to be
15 eligible for a grant under this section, an entity must sub-
16 mit to the Secretary an application that includes the fol-
17 lowing:

18 ““(1) QUALIFICATIONS.—

19 ““(A) ELIGIBLE ENTITY.—A demonstra-
20 tion that the entity meets the requirements of
21 subsection (b).

22 ““(B) OTHER.—Such other information as
23 the Secretary may find necessary to dem-
24 onstrate the entity’s capacity to carry out the

1 project, including the entity’s ability to provide
2 the non-Federal share of project resources.

3 ““(2) PROJECT DESCRIPTION.—A description of
4 and commitments concerning the project design, in-
5 cluding the following:

6 ““(A) IN GENERAL.—A detailed descrip-
7 tion of the proposed project design and how it
8 will be carried out, which shall—

9 ““(i) provide for the project to be con-
10 ducted in at least 3 major metropolitan
11 areas;

12 ““(ii) state how it will address each of
13 the 4 objectives specified in section
14 441(b)(1);

15 ““(iii) demonstrate that there is a suf-
16 ficient number of potential clients to allow
17 for the random selection of individuals to
18 participate in the project and for compari-
19 sons with appropriate control groups com-
20 posed of individuals who have not partici-
21 pated in such projects; and

22 ““(iv) demonstrate that the project is
23 designed to direct a majority of project re-
24 sources to activities serving low-income fa-

1 thers (but the project need not make serv-
2 ices available on a means-tested basis).

3 “(B) OVERSIGHT, EVALUATION, AND AD-
4 JUSTMENT COMPONENT.—An agreement that
5 the entity—

6 “(i) in consultation with the eval-
7 uator selected pursuant to section 445, and
8 as required by the Secretary, will modify
9 the project design, initially and (if nec-
10 essary) subsequently throughout the dura-
11 tion of the project, in order to facilitate on-
12 going and final oversight and evaluation of
13 project operation and outcomes (by means
14 including, to the maximum extent feasible,
15 random assignment of clients to service re-
16 cipient and control groups), and to provide
17 for mid-course adjustments in project de-
18 sign indicated by interim evaluations;

19 “(ii) will submit to the Secretary re-
20 vised descriptions of the project design as
21 modified in accordance with clause (i); and

22 “(iii) will cooperate fully with the
23 Secretary’s ongoing oversight and ongoing
24 and final evaluation of the project, by
25 means including affording the Secretary

1 access to the project and to project-related
2 records and documents, staff, and clients.

3 ““(3) ADDRESSING CHILD ABUSE AND NE-
4 GLECT AND DOMESTIC VIOLENCE.—A description of
5 how the entity will assess for the presence of, and
6 intervene to resolve, domestic violence and child
7 abuse and neglect, including how the entity will co-
8 ordinate with State and local child protective service
9 and domestic violence programs.

10 ““(4) ADDRESSING CONCERNS RELATING TO
11 SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A com-
12 mitment to make available to each individual partici-
13 pating in the project education about alcohol, to-
14 bacco, and other drugs, and about the health risks
15 associated with abusing such substances, and infor-
16 mation about diseases and conditions transmitted
17 through substance abuse and sexual contact, includ-
18 ing HIV/AIDS, and to coordinate with providers of
19 services addressing such problems, as appropriate.

20 ““(5) COORDINATION WITH SPECIFIED PRO-
21 GRAMS.—An undertaking to coordinate, as appro-
22 priate, with State and local entities responsible for
23 the programs funded under parts A, B, and D of
24 this title, programs under title I of the Workforce
25 Investment Act of 1998 (including the One-Stop de-

1 livery system), and such other programs as the Sec-
 2 retary may require.

3 ““(6) RECORDS, REPORTS, AND AUDITS.—An
 4 agreement to maintain such records, make such re-
 5 ports, and cooperate with such reviews or audits (in
 6 addition to those required under the preceding provi-
 7 sions of paragraph (2)) as the Secretary may find
 8 necessary for purposes of oversight of project activi-
 9 ties and expenditures.

10 ““(d) FEDERAL SHARE.—

11 ““(1) IN GENERAL.—Grants for a project under
 12 this section for a fiscal year shall be available for up
 13 to 80 percent of the cost of such project in such fis-
 14 cal year.

15 ““(2) NON-FEDERAL SHARE.—The non-Federal
 16 share may be in cash or in kind. In determining the
 17 amount of the non-Federal share, the Secretary may
 18 attribute fair market value to goods, services, and
 19 facilities contributed from non-Federal sources.

20 “**SEC. 445. EVALUATION.**

21 ““(a) IN GENERAL.—The Secretary, directly or by
 22 contract or cooperative agreement, shall evaluate the effec-
 23 tiveness of service projects funded under sections 443 and
 24 444 from the standpoint of the purposes specified in sec-
 25 tion 441(b)(1).

1 “(b) EVALUATION METHODOLOGY.—Evaluations
2 under this section shall—

3 “(1) include, to the maximum extent feasible,
4 random assignment of clients to service delivery and
5 control groups and other appropriate comparisons of
6 groups of individuals receiving and not receiving
7 services;

8 “(2) describe and measure the effectiveness of
9 the projects in achieving their specific project goals;
10 and

11 “(3) describe and assess, as appropriate, the
12 impact of such projects on marriage, parenting, do-
13 mestic violence, child abuse and neglect, money man-
14 agement, employment and earnings, payment of
15 child support, and child well-being, health, and edu-
16 cation.

17 “(c) EVALUATION REPORTS.—The Secretary shall
18 publish the following reports on the results of the evalua-
19 tion:

20 “(1) An implementation evaluation report cov-
21 ering the first 24 months of the activities under this
22 part to be completed by 36 months after initiation
23 of such activities.

24 “(2) A final report on the evaluation to be
25 completed by September 30, 2011.

1 **“SEC. 446. PROJECTS OF NATIONAL SIGNIFICANCE.**

2 ““The Secretary is authorized, by grant, contract, or
3 cooperative agreement, to carry out projects and activities
4 of national significance relating to fatherhood promotion,
5 including—

6 “(1) COLLECTION AND DISSEMINATION OF IN-
7 FORMATION.—Assisting States, communities, and
8 private entities, including religious organizations, in
9 efforts to promote and support marriage and respon-
10 sible fatherhood by collecting, evaluating, developing,
11 and making available (through the Internet and by
12 other means) to all interested parties information re-
13 garding approaches to accomplishing the objectives
14 specified in section 441(b)(1).

15 “(2) MEDIA CAMPAIGN.—Developing, pro-
16 moting, and distributing to interested States, local
17 governments, public agencies, and private nonprofit
18 organizations, including charitable and religious or-
19 ganizations, a media campaign that promotes and
20 encourages involved, committed, and responsible fa-
21 therhood and married fatherhood.

22 “(3) TECHNICAL ASSISTANCE.—Providing
23 technical assistance, including consultation and
24 training, to public and private entities, including
25 community organizations and faith-based organiza-

1 tions, in the implementation of local fatherhood pro-
 2 motion programs.

3 “‘(4) RESEARCH.—Conducting research related
 4 to the purposes of this part.

5 **“SEC. 447. NONDISCRIMINATION.**

6 “‘The projects and activities assisted under this part
 7 shall be available on the same basis to all fathers and ex-
 8 pectant fathers able to benefit from such projects and ac-
 9 tivities, including married and unmarried fathers and cus-
 10 todial and noncustodial fathers, with particular attention
 11 to low-income fathers, and to mothers and expectant
 12 mothers on the same basis as to fathers.

13 **“SEC. 448. AUTHORIZATION OF APPROPRIATIONS; RES-**
 14 **ERVATION FOR CERTAIN PURPOSE.**

15 “‘(a) AUTHORIZATION.—There are authorized to be
 16 appropriated \$20,000,000 for each of fiscal years 2004
 17 through 2008 to carry out the provisions of this part.

18 “‘(b) RESERVATION.—Of the amount appropriated
 19 under this section for each fiscal year, not more than 15
 20 percent shall be available for the costs of the multicounty,
 21 multicounty, multistate demonstration projects under sec-
 22 tion 444, evaluations under section 445, and projects of
 23 national significance under section 446.’.

1 “(b) INAPPLICABILITY OF EFFECTIVE DATE PROVI-
 2 SIONS.—Section 116 shall not apply to the amendment
 3 made by subsection (a) of this section.”.

4 (2) CLERICAL AMENDMENT.—Section 2 of such
 5 Act is amended in the table of contents by inserting
 6 after the item relating to section 116 the following
 7 new item:

“Sec. 117. Fatherhood program.”.

8 **SEC. 120. STATE OPTION TO MAKE TANF PROGRAMS MAN-**
 9 **DATORY PARTNERS WITH ONE-STOP EMPLOY-**
 10 **MENT TRAINING CENTERS.**

11 Section 408 of the Social Security Act (42 U.S.C.
 12 608) is amended by adding at the end the following:

13 “(h) STATE OPTION TO MAKE TANF PROGRAMS
 14 MANDATORY PARTNERS WITH ONE-STOP EMPLOYMENT
 15 TRAINING CENTERS.—For purposes of section 121(b) of
 16 the Workforce Investment Act of 1998, a State program
 17 funded under part A of title IV of the Social Security Act
 18 shall be considered a program referred to in paragraph
 19 (1)(B) of such section, unless, after the date of the enact-
 20 ment of this subsection, the Governor of the State notifies
 21 the Secretaries of Health and Human Services and Labor
 22 in writing of the decision of the Governor not to make
 23 the State program a mandatory partner.”.

1 **SEC. 121. SENSE OF THE CONGRESS.**

2 It is the sense of the Congress that a State welfare-
3 to-work program should include a mentoring program.

4 **SEC. 122. EXTENSION THROUGH FISCAL YEAR 2003.**

5 Except as otherwise provided in this Act and the
6 amendments made by this Act, activities authorized by
7 part A of title IV of the Social Security Act, and by section
8 1108(b) of the Social Security Act, shall continue through
9 September 30, 2003, in the manner authorized, and at
10 the level provided, for fiscal year 2002.

11 **TITLE II—CHILD CARE**

12 **SEC. 201. SHORT TITLE.**

13 This title may be cited as the “Caring for Children
14 Act of 2003”.

15 **SEC. 202. GOALS.**

16 (a) GOALS.—Section 658A(b) of the Child Care and
17 Development Block Grant Act of 1990 (42 U.S.C. 9801
18 note) is amended—

19 (1) in paragraph (3) by striking “encourage”
20 and inserting “assist”,

21 (2) by amending paragraph (4) to read as fol-
22 lows:

23 “(4) to assist States to provide child care to
24 low-income parents;”,

25 (3) by redesignating paragraph (5) as para-
26 graph (7), and

1 (4) by inserting after paragraph (4) the fol-
 2 lowing:

3 “(5) to encourage States to improve the quality
 4 of child care available to families;

5 “(6) to promote school readiness by encour-
 6 aging the exposure of young children in child care to
 7 nurturing environments and developmentally-appro-
 8 priate activities, including activities to foster early
 9 cognitive and literacy development; and”.

10 (b) CONFORMING AMENDMENT.—Section
 11 658E(c)(3)(B) of the Child Care and Development Block
 12 Grant Act of 1990 (42 U.S.C. 9858c(c)(3)(B)) is amended
 13 by striking “through (5)” and inserting “through (7)”.

14 **SEC. 203. AUTHORIZATION OF APPROPRIATIONS.**

15 Section 658B of the Child Care and Development
 16 Block Grant Act of 1990 (42 U.S.C. 9858) is amended—

17 (1) by striking “is” and inserting “are”, and

18 (2) by striking “\$1,000,000,000 for each of the
 19 fiscal years 1996 through 2002” and inserting
 20 “\$2,100,000,000 for fiscal year 2003,
 21 \$2,300,000,000 for fiscal year 2004,
 22 \$2,500,000,000 for fiscal year 2005,
 23 \$2,700,000,000 for fiscal year 2006,
 24 \$2,900,000,000 for fiscal year 2007, and
 25 \$3,100,000,000 for fiscal year 2008”.

1 **SEC. 204. APPLICATION AND PLAN.**

2 Section 658E(c)(2) of the Child Care and Develop-
3 ment Block Grant Act of 1990 (42 U.S.C. 9858C(c)(2))
4 is amended—

5 (1) by amending subparagraph (D) to read as
6 follows:

7 “(D) CONSUMER AND CHILD CARE PRO-
8 VIDER EDUCATION INFORMATION.—Certify that
9 the State will collect and disseminate, through
10 resource and referral services and other means
11 as determined by the State, to parents of eligi-
12 ble children, child care providers, and the gen-
13 eral public, information regarding—

14 “(i) the promotion of informed child
15 care choices, including information about
16 the quality and availability of child care
17 services;

18 “(ii) research and best practices on
19 children’s development, including early cog-
20 nitive development;

21 “(iii) the availability of assistance to
22 obtain child care services; and

23 “(iv) other programs for which fami-
24 lies that receive child care services for
25 which financial assistance is provided
26 under this subchapter may be eligible, in-

cluding the food stamp program, the WIC program under section 17 of the Child Nutrition Act of 1966, the child and adult care food program under section 17 of the Richard B. Russell National School Lunch Act, and the medicaid and SCHIP programs under titles XIX and XXI of the Social Security Act.”, and

(2) by inserting after subparagraph (H) the following:

“(I) COORDINATION WITH OTHER EARLY CHILD CARE SERVICES AND EARLY CHILDHOOD EDUCATION PROGRAMS.—Demonstrate how the State is coordinating child care services provided under this subchapter with Head Start, Early Reading First, Even Start, Ready-To-Learn Television, State pre-kindergarten programs, and other early childhood education programs to expand accessibility to and continuity of care and early education without displacing services provided by the current early care and education delivery system.

“(J) PUBLIC-PRIVATE PARTNERSHIPS.— Demonstrate how the State encourages partnerships with private and other public entities to

1 leverage existing service delivery systems of
2 early childhood education and increase the sup-
3 ply and quality of child care services.

4 “(K) CHILD CARE SERVICE QUALITY.—

5 “(i) CERTIFICATION.—For each fiscal
6 year after fiscal year 2004, certify that
7 during the then preceding fiscal year the
8 State was in compliance with section 658G
9 and describe how funds were used to com-
10 ply with such section during such pre-
11 ceding fiscal year.

12 “(ii) STRATEGY.—For each fiscal year
13 after fiscal year 2004, contain an outline
14 of the strategy the State will implement
15 during such fiscal year for which the State
16 plan is submitted, to address the quality of
17 child care services in the State available to
18 low-income parents from eligible child care
19 providers, and include in such strategy—

20 “(I) a statement specifying how
21 the State will address the activities
22 described in paragraphs (1), (2), and
23 (3) of section 658G;

24 “(II) a description of quantifi-
25 able, objective measures for evaluating

1 the quality of child care services sepa-
2 rately with respect to the activities
3 listed in each of such paragraphs that
4 the State will use to evaluate its
5 progress in improving the quality of
6 such child care services;

7 “(III) a list of State-developed
8 child care service quality targets for
9 such fiscal year quantified on the
10 basis of such measures; and

11 “(IV) for each fiscal year after
12 fiscal year 2004, a report on the
13 progress made to achieve such targets
14 during the then preceding fiscal year.

15 “(iii) RULE OF CONSTRUCTION.—
16 Nothing in this subparagraph shall be con-
17 strued to require that the State apply
18 measures for evaluating quality to specific
19 types of child care providers.

20 “(L) ACCESS TO CARE FOR CERTAIN POPU-
21 LATIONS.—Demonstrate how the State is ad-
22 dressing the child care needs of parents eligible
23 for child care services for which financial assist-
24 ance is provided under this subchapter who
25 have children with special needs, work nontradi-

1 tional hours, or require child care services for
2 infants or toddlers.”.

3 **SEC. 205. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD**
4 **CARE.**

5 Section 658G of the Child Care and Development
6 Block Grant Act of 1990 (42 U.S.C. 9858e) is amended
7 to read as follows:

8 **“SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF**
9 **CHILD CARE SERVICES.**

10 “A State that receives funds to carry out this sub-
11 chapter for a fiscal year, shall use not less than 6 percent
12 of the amount of such funds for activities provided
13 through resource and referral services or other means,
14 that are designed to improve the quality of child care serv-
15 ices in the State available to low-income parents from eli-
16 gible child care providers. Such activities include—

17 “(1) programs that provide training, education,
18 and other professional development activities to en-
19 hance the skills of the child care workforce, includ-
20 ing training opportunities for caregivers in informal
21 care settings;

22 “(2) activities within child care settings to en-
23 hance early learning for young children, to promote
24 early literacy, and to foster school readiness;

1 “(3) initiatives to increase the retention and
 2 compensation of child care providers, including
 3 tiered reimbursement rates for providers that meet
 4 quality standards as defined by the State; or

5 “(4) other activities deemed by the State to im-
 6 prove the quality of child care services provided in
 7 such State.”.

8 **SEC. 206. REPORT BY SECRETARY.**

9 Section 658L of the Child Care and Development
 10 Block Grant Act of 1990 (42 U.S.C. 9858j) is amended
 11 to read as follows:

12 **“SEC. 658L. REPORT BY SECRETARY.**

13 “(a) REPORT REQUIRED.—Not later than October 1,
 14 2005, and biennially thereafter, the Secretary shall pre-
 15 pare and submit to the Committee on Education and the
 16 Workforce of the House of Representatives and the Com-
 17 mittee on Health, Education, Labor and Pensions of the
 18 Senate a report that contains the following:

19 “(1) A summary and analysis of the data and
 20 information provided to the Secretary in the State
 21 reports submitted under section 658K.

22 “(2) Aggregated statistics on the supply of, de-
 23 mand for, and quality of child care, early education,
 24 and non-school-hours programs.

1 “(3) An assessment, and where appropriate,
2 recommendations for the Congress concerning ef-
3 forts that should be undertaken to improve the ac-
4 cess of the public to quality and affordable child care
5 in the United States.

6 “(b) COLLECTION OF INFORMATION.—The Secretary
7 may utilize the national child care data system available
8 through resource and referral organizations at the local,
9 State, and national level to collect the information re-
10 quired by subsection (a)(2).

11 **SEC. 207. DEFINITIONS.**

12 Section 658P(4)(B) of the Child Care and Develop-
13 ment Block Grant Act of 1990 (42 U.S.C. 9858N(4)(B))
14 is amended by striking “85 percent of the State median
15 income” and inserting “income levels as established by the
16 State, prioritized by need,”.

17 **SEC. 208. ENTITLEMENT FUNDING.**

18 Section 418(a)(3) (42 U.S.C. 618(a)(3)) is amend-
19 ed—

20 (1) by striking “and” at the end of subpara-
21 graph (E);

22 (2) by striking the period at the end of sub-
23 paragraph (F) and inserting “; and”; and

24 (3) by adding at the end the following:

1 “(G) \$2,917,000,000 for each of fiscal
2 years 2004 through 2008.”.

3 **TITLE III—CHILD SUPPORT**

4 **SEC. 301. FEDERAL MATCHING FUNDS FOR LIMITED PASS** 5 **THROUGH OF CHILD SUPPORT PAYMENTS TO** 6 **FAMILIES RECEIVING TANF.**

7 (a) IN GENERAL.—Section 457(a) (42 U.S.C.
8 657(a)) is amended—

9 (1) in paragraph (1)(A), by inserting “subject
10 to paragraph (7)” before the semicolon; and

11 (2) by adding at the end the following:

12 “(7) FEDERAL MATCHING FUNDS FOR LIMITED
13 PASS THROUGH OF CHILD SUPPORT PAYMENTS TO
14 FAMILIES RECEIVING TANF.—Notwithstanding para-
15 graph (1), a State shall not be required to pay to
16 the Federal Government the Federal share of an
17 amount collected during a month on behalf of a fam-
18 ily that is a recipient of assistance under the State
19 program funded under part A, to the extent that—

20 “(A) the State distributes the amount to
21 the family;

22 “(B) the total of the amounts so distrib-
23 uted to the family during the month—

24 “(i) exceeds the amount (if any) that,
25 as of December 31, 2001, was required

1 under State law to be distributed to a fam-
 2 ily under paragraph (1)(B); and

3 “(ii) does not exceed the greater of—

4 “(I) \$100; or

5 “(II) \$50 plus the amount de-
 6 scribed in clause (i); and

7 “(C) the amount is disregarded in deter-
 8 mining the amount and type of assistance pro-
 9 vided to the family under the State program
 10 funded under part A.”.

11 (b) EFFECTIVE DATE.—The amendments made by
 12 subsection (a) shall apply to amounts distributed on or
 13 after October 1, 2005.

14 **SEC. 302. STATE OPTION TO PASS THROUGH ALL CHILD**
 15 **SUPPORT PAYMENTS TO FAMILIES THAT**
 16 **FORMERLY RECEIVED TANF.**

17 (a) IN GENERAL.—Section 457(a) (42 U.S.C.
 18 657(a)), as amended by section 301(a) of this Act, is
 19 amended—

20 (1) in paragraph (2)(B), in the matter pre-
 21 ceding clause (i), by inserting “, except as provided
 22 in paragraph (8),” after “shall”; and

23 (2) by adding at the end the following:

24 “(8) STATE OPTION TO PASS THROUGH ALL
 25 CHILD SUPPORT PAYMENTS TO FAMILIES THAT FOR-

1 MERLY RECEIVED TANF.—In lieu of applying para-
 2 graph (2) to any family described in paragraph (2),
 3 a State may distribute to the family any amount col-
 4 lected during a month on behalf of the family.”.

5 (b) EFFECTIVE DATE.—The amendments made by
 6 subsection (a) shall apply to amounts distributed on or
 7 after October 1, 2005.

8 **SEC. 303. MANDATORY REVIEW AND ADJUSTMENT OF**
 9 **CHILD SUPPORT ORDERS FOR FAMILIES RE-**
 10 **CEIVING TANF.**

11 (a) IN GENERAL.—Section 466(a)(10)(A)(i) (42
 12 U.S.C. 666(a)(10)(A)(i)) is amended—

13 (1) by striking “parent, or,” and inserting
 14 “parent or”; and

15 (2) by striking “upon the request of the State
 16 agency under the State plan or of either parent,”.

17 (b) EFFECTIVE DATE.—The amendment made by
 18 subsection (a) shall take effect on October 1, 2005.

19 **SEC. 304. MANDATORY FEE FOR SUCCESSFUL CHILD SUP-**
 20 **PORT COLLECTION FOR FAMILY THAT HAS**
 21 **NEVER RECEIVED TANF.**

22 (a) IN GENERAL.—Section 454(6)(B) (42 U.S.C.
 23 654(6)(B)) is amended—

24 (1) by inserting “(i)” after “(B)”;

1 (2) by redesignating clauses (i) and (ii) as sub-
2 clauses (I) and (II), respectively;

3 (3) by adding “and” after the semicolon; and

4 (4) by adding after and below the end the fol-
5 lowing new clause:

6 “(ii) in the case of an individual who has
7 never received assistance under a State pro-
8 gram funded under part A and for whom the
9 State has collected at least \$500 of support, the
10 State shall impose an annual fee of \$25 for
11 each case in which services are furnished, which
12 shall be retained by the State from support col-
13 lected on behalf of the individual (but not from
14 the 1st \$500 so collected), paid by the indi-
15 vidual applying for the services, recovered from
16 the absent parent, or paid by the State out of
17 its own funds (the payment of which from State
18 funds shall not be considered as an administra-
19 tive cost of the State for the operation of the
20 plan, and such fees shall be considered income
21 to the program);”.

22 (b) CONFORMING AMENDMENT.—Section 457(a)(3)
23 (42 U.S.C. 657(a)(3)) is amended to read as follows:

24 “(3) FAMILIES THAT NEVER RECEIVED ASSIST-
25 ANCE.—In the case of any other family, the State

1 shall distribute to the family the portion of the
2 amount so collected that remains after withholding
3 any fee pursuant to section 454(6)(B)(ii).”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall take effect on October 1, 2004.

6 **SEC. 305. REPORT ON UNDISTRIBUTED CHILD SUPPORT**
7 **PAYMENTS.**

8 Not later than 6 months after the date of the enact-
9 ment of this Act, the Secretary of Health and Human
10 Services shall submit to the Committee on Ways and
11 Means of the House of Representatives and the Committee
12 on Finance of the Senate a report on the procedures that
13 the States use generally to locate custodial parents for
14 whom child support has been collected but not yet distrib-
15 uted. The report shall include an estimate of the total
16 amount of undistributed child support and the average
17 length of time it takes undistributed child support to be
18 distributed. To the extent the Secretary deems appro-
19 priate, the Secretary shall include in the report rec-
20 ommendations as to whether additional procedures should
21 be established at the State or Federal level to expedite
22 the payment of undistributed child support.

1 **SEC. 306. USE OF NEW HIRE INFORMATION TO ASSIST IN**
2 **ADMINISTRATION OF UNEMPLOYMENT COM-**
3 **PENSATION PROGRAMS.**

4 (a) IN GENERAL.—Section 453(j) (42 U.S.C. 653(j))
5 is amended by adding at the end the following:

6 “(7) INFORMATION COMPARISONS AND DISCLO-
7 SURE TO ASSIST IN ADMINISTRATION OF UNEMPLOY-
8 MENT COMPENSATION PROGRAMS.—

9 “(A) IN GENERAL.—If a State agency re-
10 sponsible for the administration of an unem-
11 ployment compensation program under Federal
12 or State law transmits to the Secretary the
13 name and social security account number of an
14 individual, the Secretary shall, if the informa-
15 tion in the National Directory of New Hires in-
16 dicates that the individual may be employed,
17 disclose to the State agency the name, address,
18 and employer identification number of any pu-
19 tative employer of the individual, subject to this
20 paragraph.

21 “(B) CONDITION ON DISCLOSURE.—The
22 Secretary shall make a disclosure under sub-
23 paragraph (A) only to the extent that the Sec-
24 retary determines that the disclosure would not
25 interfere with the effective operation of the pro-
26 gram under this part.

1 “(C) USE OF INFORMATION.—A State
2 agency may use information provided under this
3 paragraph only for purposes of administering a
4 program referred to in subparagraph (A).”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 subsection (a) shall take effect on October 1, 2004.

7 **SEC. 307. DECREASE IN AMOUNT OF CHILD SUPPORT AR-**
8 **REARAGE TRIGGERING PASSPORT DENIAL.**

9 (a) IN GENERAL.—Section 452(k)(1) (42 U.S.C.
10 652(k)(1)) is amended by striking “\$5,000” and inserting
11 “\$2,500”.

12 (b) CONFORMING AMENDMENT.—Section 454(31)
13 (42 U.S.C. 654(31)) is amended by striking “\$5,000” and
14 inserting “\$2,500”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall take effect on October 1, 2004.

17 **SEC. 308. USE OF TAX REFUND INTERCEPT PROGRAM TO**
18 **COLLECT PAST-DUE CHILD SUPPORT ON BE-**
19 **HALF OF CHILDREN WHO ARE NOT MINORS.**

20 (a) IN GENERAL.—Section 464 (42 U.S.C. 664) is
21 amended—

22 (1) in subsection (a)(2)(A), by striking “(as
23 that term is defined for purposes of this paragraph
24 under subsection (c))”; and

25 (2) in subsection (c)—

1 (A) in paragraph (1)—

2 (i) by striking “(1) Except as pro-
3 vided in paragraph (2), as used in” and in-
4 serting “In”; and

5 (ii) by inserting “(whether or not a
6 minor)” after “a child” each place it ap-
7 pears; and

8 (B) by striking paragraphs (2) and (3).

9 (b) EFFECTIVE DATE.—The amendments made by
10 subsection (a) shall take effect on October 1, 2005.

11 **SEC. 309. GARNISHMENT OF COMPENSATION PAID TO VET-**
12 **ERANS FOR SERVICE-CONNECTED DISABIL-**
13 **ITIES IN ORDER TO ENFORCE CHILD SUP-**
14 **PORT OBLIGATIONS.**

15 (a) IN GENERAL.—Section 459(h) (42 U.S.C.
16 659(h)) is amended—

17 (1) in paragraph (1)(A)(ii)(V), by striking all
18 that follows “Armed Forces” and inserting a semi-
19 colon; and

20 (2) by adding at the end the following:

21 “(3) LIMITATIONS WITH RESPECT TO COM-
22 PENSATION PAID TO VETERANS FOR SERVICE-CON-
23 NECTED DISABILITIES.—Notwithstanding any other
24 provision of this section:

1 “(A) Compensation described in paragraph
2 (1)(A)(ii)(V) shall not be subject to withholding
3 pursuant to this section—

4 “(i) for payment of alimony; or

5 “(ii) for payment of child support if
6 the individual is fewer than 60 days in ar-
7 rears in payment of the support.

8 “(B) Not more than 50 percent of any
9 payment of compensation described in para-
10 graph (1)(A)(ii)(V) may be withheld pursuant
11 to this section.”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 subsection (a) shall take effect on October 1, 2005.

14 **SEC. 310. IMPROVING FEDERAL DEBT COLLECTION PRAC-**
15 **TICES.**

16 (a) IN GENERAL.—Section 3716(h)(3) of title 31,
17 United States Code, is amended to read as follows:

18 “(3) In applying this subsection with respect to any
19 debt owed to a State, other than past due support being
20 enforced by the State, subsection (c)(3)(A) shall not apply.
21 Subsection (c)(3)(A) shall apply with respect to past due
22 support being enforced by the State notwithstanding any
23 other provision of law, including sections 207 and
24 1631(d)(1) of the Social Security Act (42 U.S.C. 407 and
25 1383(d)(1)), section 413(b) of Public law 91–173 (30

1 U.S.C. 923(b)), and section 14 of the Act of August 29,
2 1935 (45 U.S.C. 231m).”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 subsection (a) shall take effect on October 1, 2004.

5 **SEC. 311. MAINTENANCE OF TECHNICAL ASSISTANCE**
6 **FUNDING.**

7 Section 452(j) (42 U.S.C. 652(j)) is amended by in-
8 serting “or the amount appropriated under this paragraph
9 for fiscal year 2002, whichever is greater,” before “which
10 shall be available”.

11 **SEC. 312. MAINTENANCE OF FEDERAL PARENT LOCATOR**
12 **SERVICE FUNDING.**

13 Section 453(o) (42 U.S.C. 653(o)) is amended—

14 (1) in the 1st sentence, by inserting “or the
15 amount appropriated under this paragraph for fiscal
16 year 2002, whichever is greater,” before “which
17 shall be available”; and

18 (2) in the 2nd sentence, by striking “for each
19 of fiscal years 1997 through 2001”.

20 **TITLE IV—CHILD WELFARE**

21 **SEC. 401. EXTENSION OF AUTHORITY TO APPROVE DEM-**
22 **ONSTRATION PROJECTS.**

23 Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)) is
24 amended by striking “2002” and inserting “2008”.

1 **SEC. 402. ELIMINATION OF LIMITATION ON NUMBER OF**
2 **WAIVERS.**

3 Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)) is
4 amended by striking “not more than 10”.

5 **SEC. 403. ELIMINATION OF LIMITATION ON NUMBER OF**
6 **STATES THAT MAY BE GRANTED WAIVERS TO**
7 **CONDUCT DEMONSTRATION PROJECTS ON**
8 **SAME TOPIC.**

9 Section 1130 (42 U.S.C. 1320a–9) is amended by
10 adding at the end the following:

11 “(h) NO LIMIT ON NUMBER OF STATES THAT MAY
12 BE GRANTED WAIVERS TO CONDUCT SAME OR SIMILAR
13 DEMONSTRATION PROJECTS.—The Secretary shall not
14 refuse to grant a waiver to a State under this section on
15 the grounds that a purpose of the waiver or of the dem-
16 onstration project for which the waiver is necessary would
17 be the same as or similar to a purpose of another waiver
18 or project that is or may be conducted under this sec-
19 tion.”.

20 **SEC. 404. ELIMINATION OF LIMITATION ON NUMBER OF**
21 **WAIVERS THAT MAY BE GRANTED TO A SIN-**
22 **GLE STATE FOR DEMONSTRATION PROJECTS.**

23 Section 1130 (42 U.S.C. 1320a–9) is further amend-
24 ed by adding at the end the following:

25 “(i) NO LIMIT ON NUMBER OF WAIVERS GRANTED
26 TO, OR DEMONSTRATION PROJECTS THAT MAY BE CON-

1 DUCTED BY, A SINGLE STATE.—The Secretary shall not
 2 impose any limit on the number of waivers that may be
 3 granted to a State, or the number of demonstration
 4 projects that a State may be authorized to conduct, under
 5 this section.”.

6 **SEC. 405. STREAMLINED PROCESS FOR CONSIDERATION OF**
 7 **AMENDMENTS TO AND EXTENSIONS OF DEM-**
 8 **ONSTRATION PROJECTS REQUIRING WAIV-**
 9 **ERS.**

10 Section 1130 (42 U.S.C. 1320a–9) is further amend-
 11 ed by adding at the end the following:

12 “(j) STREAMLINED PROCESS FOR CONSIDERATION
 13 OF AMENDMENTS AND EXTENSIONS.—The Secretary
 14 shall develop a streamlined process for consideration of
 15 amendments and extensions proposed by States to dem-
 16 onstration projects conducted under this section.”.

17 **SEC. 406. AVAILABILITY OF REPORTS.**

18 Section 1130 (42 U.S.C. 1320a–9) is further amend-
 19 ed by adding at the end the following:

20 “(k) AVAILABILITY OF REPORTS.—The Secretary
 21 shall make available to any State or other interested party
 22 any report provided to the Secretary under subsection
 23 (f)(2), and any evaluation or report made by the Secretary
 24 with respect to a demonstration project conducted under

1 this section, with a focus on information that may promote
 2 best practices and program improvements.”.

3 **SEC. 407. TECHNICAL CORRECTION.**

4 Section 1130(b)(1) (42 U.S.C. 1320a–9(b)(1)) is
 5 amended by striking “422(b)(9)” and inserting
 6 “422(b)(10)”.

7 **TITLE V—SUPPLEMENTAL**
 8 **SECURITY INCOME**

9 **SEC. 501. REVIEW OF STATE AGENCY BLINDNESS AND DIS-**
 10 **ABILITY DETERMINATIONS.**

11 Section 1633 (42 U.S.C. 1383b) is amended by add-
 12 ing at the end the following:

13 “(e)(1) The Commissioner of Social Security shall re-
 14 view determinations, made by State agencies pursuant to
 15 subsection (a) in connection with applications for benefits
 16 under this title on the basis of blindness or disability, that
 17 individuals who have attained 18 years of age are blind
 18 or disabled as of a specified onset date. The Commissioner
 19 of Social Security shall review such a determination before
 20 any action is taken to implement the determination.

21 “(2)(A) In carrying out paragraph (1), the Commis-
 22 sioner of Social Security shall review—

23 “(i) at least 20 percent of all determinations re-
 24 ferred to in paragraph (1) that are made in fiscal
 25 year 2004;

1 “(ii) at least 40 percent of all such determina-
 2 tions that are made in fiscal year 2005; and

3 “(iii) at least 50 percent of all such determina-
 4 tions that are made in fiscal year 2006 or thereafter.

5 “(B) In carrying out subparagraph (A), the Commis-
 6 sioner of Social Security shall, to the extent feasible, select
 7 for review the determinations which the Commissioner of
 8 Social Security identifies as being the most likely to be
 9 incorrect.”.

10 **TITLE VI—STATE AND LOCAL** 11 **FLEXIBILITY**

12 **SEC. 601. PROGRAM COORDINATION DEMONSTRATION** 13 **PROJECTS.**

14 (a) PURPOSE.—The purpose of this section is to es-
 15 tablish a program of demonstration projects in a State or
 16 portion of a State to coordinate multiple public assistance,
 17 workforce development, and other programs, for the pur-
 18 pose of supporting working individuals and families, help-
 19 ing families escape welfare dependency, promoting child
 20 well-being, or helping build stronger families, using inno-
 21 vative approaches to strengthen service systems and pro-
 22 vide more coordinated and effective service delivery.

23 (b) DEFINITIONS.—In this section:

24 (1) ADMINISTERING SECRETARY.—The term
 25 “administering Secretary” means, with respect to a

1 qualified program, the head of the Federal agency
2 responsible for administering the program.

3 (2) QUALIFIED PROGRAM.—The term “qualified
4 program” means—

5 (A) a program under part A of title IV of
6 the Social Security Act;

7 (B) the program under title XX of such
8 Act;

9 (C) activities funded under title I of the
10 Workforce Investment Act of 1998, except sub-
11 title C of such title;

12 (D) a demonstration project authorized
13 under section 505 of the Family Support Act of
14 1988;

15 (E) activities funded under the Wagner-
16 Peyser Act;

17 (F) activities funded under the Adult Edu-
18 cation and Family Literacy Act;

19 (G) activities funded under the Child Care
20 and Development Block Grant Act of 1990;

21 (H) activities funded under the United
22 States Housing Act of 1937 (42 U.S.C. 1437 et
23 seq.), except that such term shall not include—

1 (i) any program for rental assistance
2 under section 8 of such Act (42 U.S.C.
3 1437f); and

4 (ii) the program under section 7 of
5 such Act (42 U.S.C. 1437e) for design-
6 nating public housing for occupancy by
7 certain populations;

8 (I) activities funded under title I, II, III,
9 or IV of the McKinney-Vento Homeless Assist-
10 ance Act (42 U.S.C. 11301 et seq.); or

11 (J) the food stamp program as defined in
12 section 3(h) of the Food Stamp Act of 1977 (7
13 U.S.C. 2012(h)).

14 (c) APPLICATION REQUIREMENTS.—The head of a
15 State entity or of a sub-State entity administering 2 or
16 more qualified programs proposed to be included in a dem-
17 onstration project under this section shall (or, if the
18 project is proposed to include qualified programs adminis-
19 tered by 2 or more such entities, the heads of the admin-
20 istering entities (each of whom shall be considered an ap-
21 plicant for purposes of this section) shall jointly) submit
22 to the administering Secretary of each such program an
23 application that contains the following:

24 (1) PROGRAMS INCLUDED.—A statement identi-
25 fying each qualified program to be included in the

1 project, and describing how the purposes of each
2 such program will be achieved by the project.

3 (2) POPULATION SERVED.—A statement identi-
4 fying the population to be served by the project and
5 specifying the eligibility criteria to be used.

6 (3) DESCRIPTION AND JUSTIFICATION.—A de-
7 tailed description of the project, including—

8 (A) a description of how the project is ex-
9 pected to improve or enhance achievement of
10 the purposes of the programs to be included in
11 the project, from the standpoint of quality, of
12 cost-effectiveness, or of both; and

13 (B) a description of the performance objec-
14 tives for the project, including any proposed
15 modifications to the performance measures and
16 reporting requirements used in the programs.

17 (4) WAIVERS REQUESTED.—A description of
18 the statutory and regulatory requirements with re-
19 spect to which a waiver is requested in order to
20 carry out the project, and a justification of the need
21 for each such waiver.

22 (5) COST NEUTRALITY.—Such information and
23 assurances as necessary to establish to the satisfac-
24 tion of the administering Secretary, in consultation
25 with the Director of the Office of Management and

1 Budget, that the proposed project is reasonably ex-
2 pected to meet the applicable cost neutrality require-
3 ments of subsection (d)(4).

4 (6) EVALUATION AND REPORTS.—An assurance
5 that the applicant will conduct ongoing and final
6 evaluations of the project, and make interim and
7 final reports to the administering Secretary, at such
8 times and in such manner as the administering Sec-
9 retary may require.

10 (7) PUBLIC HOUSING AGENCY PLAN.—In the
11 case of an application proposing a demonstration
12 project that includes activities referred to in sub-
13 section (b)(2)(H) of this section—

14 (A) a certification that the applicable an-
15 nual public housing agency plan of any agency
16 affected by the project that is approved under
17 section 5A of the United States Housing Act of
18 1937 (42 U.S.C. 1437c–1) by the Secretary in-
19 cludes the information specified in paragraphs
20 (1) through (4) of this subsection; and

21 (B) any resident advisory board rec-
22 ommendations, and other information, relating
23 to the project that, pursuant to section
24 5A(e)(2) of the United States Housing Act of
25 1937 (42 U.S.C. 1437c–1(e)(2)), is required to

1 be included in the public housing agency plan of
2 any public housing agency affected by the
3 project.

4 (8) OTHER INFORMATION AND ASSURANCES.—
5 Such other information and assurances as the ad-
6 ministering Secretary may require.

7 (d) APPROVAL OF APPLICATIONS.—

8 (1) IN GENERAL.—The administering Secretary
9 with respect to a qualified program that is identified
10 in an application submitted pursuant to subsection
11 (c) may approve the application and, except as pro-
12 vided in paragraph (2), waive any requirement appli-
13 cable to the program, to the extent consistent with
14 this section and necessary and appropriate for the
15 conduct of the demonstration project proposed in the
16 application, if the administering Secretary deter-
17 mines that the project—

18 (A) has a reasonable likelihood of achieving
19 the objectives of the programs to be included in
20 the project;

21 (B) may reasonably be expected to meet
22 the applicable cost neutrality requirements of
23 paragraph (4), as determined by the Director of
24 the Office of Management and Budget; and

1 (C) includes the coordination of 2 or more
2 qualified programs.

3 (2) PROVISIONS EXCLUDED FROM WAIVER AU-
4 THORITY.—A waiver shall not be granted under
5 paragraph (1)—

6 (A) with respect to any provision of law re-
7 lating to—

8 (i) civil rights or prohibition of dis-
9 crimination;

10 (ii) purposes or goals of any program;

11 (iii) maintenance of effort require-
12 ments;

13 (iv) health or safety;

14 (v) labor standards under the Fair
15 Labor Standards Act of 1938; or

16 (vi) environmental protection;

17 (B) with respect to section 241(a) of the
18 Adult Education and Family Literacy Act;

19 (C) in the case of a program under the
20 United States Housing Act of 1937 (42 U.S.C.
21 1437 et seq.), with respect to any requirement
22 under section 5A of such Act (42 U.S.C.
23 1437c–1; relating to public housing agency
24 plans and resident advisory boards);

1 (D) in the case of a program under the
2 Workforce Investment Act, with respect to any
3 requirement the waiver of which would violate
4 section 189(i)(4)(A)(i) of such Act;

5 (E) in the case of the food stamp program
6 (as defined in section 3(h) of the Food Stamp
7 Act of 1977 (7 U.S.C. 2012(h)), with respect to
8 any requirement under—

9 (i) section 6 (if waiving a requirement
10 under such section would have the effect of
11 expanding eligibility for the program), 7(b)
12 or 16(c) of the Food Stamp Act of 1977
13 (7 U.S.C. 2011 et seq.); or

14 (ii) title IV of the Personal Responsi-
15 bility and Work Opportunity Reconciliation
16 Act of 1996 (8 U.S.C. 1601 et seq.);

17 (F) with respect to any requirement that a
18 State pass through to a sub-State entity part or
19 all of an amount paid to the State;

20 (G) if the waiver would waive any funding
21 restriction or limitation provided in an appro-
22 priations Act, or would have the effect of trans-
23 ferring appropriated funds from 1 appropria-
24 tions account to another; or

1 (H) except as otherwise provided by stat-
2 ute, if the waiver would waive any funding re-
3 striction applicable to a program authorized
4 under an Act which is not an appropriations
5 Act (but not including program requirements
6 such as application procedures, performance
7 standards, reporting requirements, or eligibility
8 standards), or would have the effect of transfer-
9 ring funds from a program for which there is
10 direct spending (as defined in section 250(c)(8)
11 of the Balanced Budget and Emergency Deficit
12 Control Act of 1985) to another program.

13 (3) AGREEMENT OF EACH ADMINISTERING SEC-
14 RETARY REQUIRED.—

15 (A) IN GENERAL.—An applicant may not
16 conduct a demonstration project under this sec-
17 tion unless each administering Secretary with
18 respect to any program proposed to be included
19 in the project has approved the application to
20 conduct the project.

21 (B) AGREEMENT WITH RESPECT TO FUND-
22 ING AND IMPLEMENTATION.—Before approving
23 an application to conduct a demonstration
24 project under this section, an administering
25 Secretary shall have in place an agreement with

1 the applicant with respect to the payment of
2 funds and responsibilities required of the ad-
3 ministering Secretary with respect to the
4 project.

5 (4) COST-NEUTRALITY REQUIREMENT.—

6 (A) GENERAL RULE.—Notwithstanding
7 any other provision of law (except subparagraph
8 (B)), the total of the amounts that may be paid
9 by the Federal Government for a fiscal year
10 with respect to the programs in the State in
11 which an entity conducting a demonstration
12 project under this section is located that are af-
13 fected by the project shall not exceed the esti-
14 mated total amount that the Federal Govern-
15 ment would have paid for the fiscal year with
16 respect to the programs if the project had not
17 been conducted, as determined by the Director
18 of the Office of Management and Budget.

19 (B) SPECIAL RULE.—If an applicant sub-
20 mits to the Director of the Office of Manage-
21 ment and Budget a request to apply the rules
22 of this subparagraph to the programs in the
23 State in which the applicant is located that are
24 affected by a demonstration project proposed in
25 an application submitted by the applicant pur-

1 suant to this section, during such period of not
2 more than 5 consecutive fiscal years in which
3 the project is in effect, and the Director deter-
4 mines, on the basis of supporting information
5 provided by the applicant, to grant the request,
6 then, notwithstanding any other provision of
7 law, the total of the amounts that may be paid
8 by the Federal Government for the period with
9 respect to the programs shall not exceed the es-
10 timated total amount that the Federal Govern-
11 ment would have paid for the period with re-
12 spect to the programs if the project had not
13 been conducted.

14 (5) 90-DAY APPROVAL DEADLINE.—

15 (A) IN GENERAL.—If an administering
16 Secretary receives an application to conduct a
17 demonstration project under this section and
18 does not disapprove the application within 90
19 days after the receipt, then—

20 (i) the administering Secretary is
21 deemed to have approved the application
22 for such period as is requested in the ap-
23 plication, except to the extent inconsistent
24 with subsection (e); and

1 (ii) any waiver requested in the appli-
2 cation which applies to a qualified program
3 that is identified in the application and is
4 administered by the administering Sec-
5 retary is deemed to be granted, except to
6 the extent inconsistent with paragraph (2)
7 or (4) of this subsection.

8 (B) DEADLINE EXTENDED IF ADDITIONAL
9 INFORMATION IS SOUGHT.—The 90-day period
10 referred to in subparagraph (A) shall not in-
11 clude any period that begins with the date the
12 Secretary requests the applicant to provide ad-
13 ditional information with respect to the applica-
14 tion and ends with the date the additional in-
15 formation is provided.

16 (e) DURATION OF PROJECTS.—A demonstration
17 project under this section may be approved for a term of
18 not more than 5 years.

19 (f) REPORTS TO CONGRESS.—

20 (1) REPORT ON DISPOSITION OF APPLICA-
21 TIONS.—Within 90 days after an administering Sec-
22 retary receives an application submitted pursuant to
23 this section, the administering Secretary shall sub-
24 mit to each Committee of the Congress which has
25 jurisdiction over a qualified program identified in

1 the application notice of the receipt, a description
2 of the decision of the administering Secretary with
3 respect to the application, and the reasons for ap-
4 proving or disapproving the application.

5 (2) REPORTS ON PROJECTS.—Each admin-
6 istering Secretary shall provide annually to the Con-
7 gress a report concerning demonstration projects ap-
8 proved under this section, including—

9 (A) the projects approved for each appli-
10 cant;

11 (B) the number of waivers granted under
12 this section, and the specific statutory provi-
13 sions waived;

14 (C) how well each project for which a waiv-
15 er is granted is improving or enhancing pro-
16 gram achievement from the standpoint of qual-
17 ity, cost-effectiveness, or both;

18 (D) how well each project for which a
19 waiver is granted is meeting the performance
20 objectives specified in subsection (c)(3)(B);

21 (E) how each project for which a waiver is
22 granted is conforming with the cost-neutrality
23 requirements of subsection (d)(4); and

24 (F) to the extent the administering Sec-
25 retary deems appropriate, recommendations for

1 modification of programs based on outcomes of
2 the projects.

3 (g) AMENDMENT TO UNITED STATES HOUSING ACT
4 OF 1937.—Section 5A(d) of the United States Housing
5 Act of 1937 (42 U.S.C. 1437c–1(d)) is amended—

6 (1) by redesignating paragraph (18) as para-
7 graph (19); and

8 (2) by inserting after paragraph (17) the fol-
9 lowing new paragraph:

10 “(18) PROGRAM COORDINATION DEMONSTRA-
11 TION PROJECTS.—In the case of an agency that ad-
12 ministers an activity referred to in section
13 701(b)(2)(H) of the Personal Responsibility, Work,
14 and Family Promotion Act of 2003 that, during
15 such fiscal year, will be included in a demonstration
16 project under section 701 of such Act, the informa-
17 tion that is required to be included in the application
18 for the project pursuant to paragraphs (1) through
19 (4) of section 701(b) of such Act.”.

20 **SEC. 602. STATE FOOD ASSISTANCE BLOCK GRANT DEM-**
21 **ONSTRATION PROJECT.**

22 The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.)
23 is amended by adding at the end the following:

1 **“SEC. 28. STATE FOOD ASSISTANCE BLOCK GRANT DEM-**
2 **ONSTRATION PROJECT.**

3 “(a) ESTABLISHMENT.—The Secretary shall estab-
4 lish a program to make grants to States in accordance
5 with this section to provide—

6 “(1) food assistance to needy individuals and
7 families residing in the State;

8 “(2) funds to operate an employment and train-
9 ing program under subsection (g) for needy individ-
10 uals under the program; and

11 “(3) funds for administrative costs incurred in
12 providing the assistance.

13 “(b) ELECTION.—

14 “(1) IN GENERAL.—A State may elect to par-
15 ticipate in the program established under subsection
16 (a).

17 “(2) ELECTION REVOCABLE.—A State that
18 elects to participate in the program established
19 under subsection (a) may subsequently reverse the
20 election of the State only once thereafter. Following
21 the reversal, the State shall only be eligible to par-
22 ticipate in the food stamp program in accordance
23 with the other sections of this Act and shall not re-
24 ceive a block grant under this section.

25 “(3) PROGRAM EXCLUSIVE.—A State that is
26 participating in the program established under sub-

1 section (a) shall not be subject to, or receive any
2 benefit under, this Act except as provided in this
3 section.

4 “(c) LEAD AGENCY.—

5 “(1) DESIGNATION.—A State desiring to par-
6 ticipate in the program established under subsection
7 (a) shall designate, in an application submitted to
8 the Secretary under subsection (d)(1), an appro-
9 priate State agency that complies with paragraph
10 (2) to act as the lead agency for the State.

11 “(2) DUTIES.—The lead agency shall—

12 “(A) administer, either directly, through
13 other State agencies, or through local agencies,
14 the assistance received under this section by the
15 State;

16 “(B) develop the State plan to be sub-
17 mitted to the Secretary under subsection (d)(1);
18 and

19 “(C) coordinate the provision of food as-
20 sistance under this section with other Federal,
21 State, and local programs.

22 “(d) APPLICATION AND PLAN.—

23 “(1) APPLICATION.—To be eligible to receive
24 assistance under this section, a State shall prepare
25 and submit to the Secretary an application at such

1 time, in such manner, and containing such informa-
2 tion as the Secretary shall by regulation require, in-
3 cluding—

4 “(A) an assurance that the State will com-
5 ply with the requirements of this section;

6 “(B) a State plan that meets the require-
7 ments of paragraph (2); and

8 “(C) an assurance that the State will com-
9 ply with the requirements of the State plan
10 under paragraph (2).

11 “(2) REQUIREMENTS OF PLAN.—

12 “(A) LEAD AGENCY.—The State plan shall
13 identify the lead agency.

14 “(B) USE OF BLOCK GRANT FUNDS.—The
15 State plan shall provide that the State shall use
16 the amounts provided to the State for each fis-
17 cal year under this section—

18 “(i) to provide food assistance to
19 needy individuals and families residing in
20 the State, other than residents of institu-
21 tions who are ineligible for food stamps
22 under section 3(i);

23 “(ii) to administer an employment
24 and training program under subsection (g)
25 for needy individuals under the program

1 and to provide reimbursements to needy
2 individuals and families as would be al-
3 lowed under section 16(h)(3); and

4 “(iii) to pay administrative costs in-
5 curred in providing the assistance.

6 “(C) ASSISTANCE FOR ENTIRE STATE.—

7 The State plan shall provide that benefits under
8 this section shall be available throughout the
9 entire State.

10 “(D) NOTICE AND HEARINGS.—The State
11 plan shall provide that an individual or family
12 who applies for, or receives, assistance under
13 this section shall be provided with notice of, and
14 an opportunity for a hearing on, any action
15 under this section that adversely affects the in-
16 dividual or family.

17 “(E) OTHER ASSISTANCE.—

18 “(i) COORDINATION.—The State plan
19 may coordinate assistance received under
20 this section with assistance provided under
21 the State program funded under part A of
22 title IV of the Social Security Act (42
23 U.S.C. 601 et seq.).

24 “(ii) PENALTIES.—If an individual or
25 family is penalized for violating part A of

1 title IV of the Act, the State plan may re-
2 duce the amount of assistance provided
3 under this section or otherwise penalize the
4 individual or family.

5 “(F) ELIGIBILITY LIMITATIONS.—The
6 State plan shall describe the income and re-
7 source eligibility limitations that are established
8 for the receipt of assistance under this section.

9 “(G) RECEIVING BENEFITS IN MORE THAN
10 1 JURISDICTION.—The State plan shall estab-
11 lish a system to verify and otherwise ensure
12 that no individual or family shall receive bene-
13 fits under this section in more than 1 jurisdic-
14 tion within the State.

15 “(H) PRIVACY.—The State plan shall pro-
16 vide for safeguarding and restricting the use
17 and disclosure of information about any indi-
18 vidual or family receiving assistance under this
19 section.

20 “(I) OTHER INFORMATION.—The State
21 plan shall contain such other information as
22 may be required by the Secretary.

23 “(3) APPROVAL OF APPLICATION AND PLAN.—
24 During fiscal years 2004 through 2008, the Sec-
25 retary may approve the applications and State plans

1 that satisfy the requirements of this section of not
2 more than 5 States for a term of not more than 5
3 years.

4 “(e) CONSTRUCTION OF FACILITIES.—No funds
5 made available under this section shall be expended for
6 the purchase or improvement of land, or for the purchase,
7 construction, or permanent improvement of any building
8 or facility.

9 “(f) BENEFITS FOR ALIENS.—No individual shall be
10 eligible to receive benefits under a State plan approved
11 under subsection (d)(3) if the individual is not eligible to
12 participate in the food stamp program under title IV of
13 the Personal Responsibility and Work Opportunity Rec-
14 onciliation Act of 1996 (8 U.S.C. 1601 et seq.).

15 “(g) EMPLOYMENT AND TRAINING.—Each State
16 shall implement an employment and training program for
17 needy individuals under the program.

18 “(h) ENFORCEMENT.—

19 “(1) REVIEW OF COMPLIANCE WITH STATE
20 PLAN.—The Secretary shall review and monitor
21 State compliance with this section and the State
22 plan approved under subsection (d)(3).

23 “(2) NONCOMPLIANCE.—

1 “(A) IN GENERAL.—If the Secretary, after
2 reasonable notice to a State and opportunity for
3 a hearing, finds that—

4 “(i) there has been a failure by the
5 State to comply substantially with any pro-
6 vision or requirement set forth in the State
7 plan approved under subsection (d)(3); or

8 “(ii) in the operation of any program
9 or activity for which assistance is provided
10 under this section, there is a failure by the
11 State to comply substantially with any pro-
12 vision of this section, the Secretary shall
13 notify the State of the finding and that no
14 further payments will be made to the State
15 under this section (or, in the case of non-
16 compliance in the operation of a program
17 or activity, that no further payments to the
18 State will be made with respect to the pro-
19 gram or activity) until the Secretary is sat-
20 isfied that there is no longer any failure to
21 comply or that the noncompliance will be
22 promptly corrected.

23 “(B) OTHER SANCTIONS.—In the case of a
24 finding of noncompliance made pursuant to
25 subparagraph (A), the Secretary may, in addi-

tion to, or in lieu of, imposing the sanctions described in subparagraph (A), impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.

“(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional sanction being imposed under subparagraph (B).

“(3) ISSUANCE OF REGULATIONS.—The Secretary shall establish by regulation procedures for—

“(A) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this section; and

“(B) imposing sanctions under this section.

“(i) PAYMENTS.—

“(1) IN GENERAL.—For each fiscal year, the Secretary shall pay to a State that has an application approved by the Secretary under subsection (d)(3) an amount that is equal to the allotment of the State under subsection (l)(2) for the fiscal year.

1 “(2) METHOD OF PAYMENT.—The Secretary
2 shall make payments to a State for a fiscal year
3 under this section by issuing 1 or more letters of
4 credit for the fiscal year, with necessary adjustments
5 on account of overpayments or underpayments, as
6 determined by the Secretary.

7 “(3) SPENDING OF FUNDS BY STATE.—

8 “(A) IN GENERAL.—Except as provided in
9 subparagraph (B), payments to a State from an
10 allotment under subsection (l)(2) for a fiscal
11 year may be expended by the State only in the
12 fiscal year.

13 “(B) CARRYOVER.—The State may reserve
14 up to 10 percent of an allotment under sub-
15 section (l)(2) for a fiscal year to provide assist-
16 ance under this section in subsequent fiscal
17 years, except that the reserved funds may not
18 exceed 30 percent of the total allotment re-
19 ceived under this section for a fiscal year.

20 “(4) PROVISION OF FOOD ASSISTANCE.—A
21 State may provide food assistance under this section
22 in any manner determined appropriate by the State
23 to provide food assistance to needy individuals and
24 families in the State, such as electronic benefits
25 transfer limited to food purchases, coupons limited

1 to food purchases, or direct provision of commod-
2 ities.

3 “(5) DEFINITION OF FOOD ASSISTANCE.—In
4 this section, the term ‘food assistance’ means assist-
5 ance that may be used only to obtain food, as de-
6 fined in section 3(g).

7 “(j) AUDITS.—

8 “(1) REQUIREMENT.—After the close of each
9 fiscal year, a State shall arrange for an audit of the
10 expenditures of the State during the program period
11 from amounts received under this section.

12 “(2) INDEPENDENT AUDITOR.—An audit under
13 this section shall be conducted by an entity that is
14 independent of any agency administering activities
15 that receive assistance under this section and be in
16 accordance with generally accepted auditing prin-
17 ciples.

18 “(3) PAYMENT ACCURACY.—Each annual audit
19 under this section shall include an audit of payment
20 accuracy under this section that shall be based on a
21 statistically valid sample of the caseload in the
22 State.

23 “(4) SUBMISSION.—Not later than 30 days
24 after the completion of an audit under this section,

1 the State shall submit a copy of the audit to the
2 legislature of the State and to the Secretary.

3 “(5) REPAYMENT OF AMOUNTS.—Each State
4 shall repay to the United States any amounts deter-
5 mined through an audit under this section to have
6 not been expended in accordance with this section or
7 to have not been expended in accordance with the
8 State plan, or the Secretary may offset the amounts
9 against any other amount paid to the State under
10 this section.

11 “(k) NONDISCRIMINATION.—

12 “(1) IN GENERAL.—The Secretary shall not
13 provide financial assistance for any program,
14 project, or activity under this section if any person
15 with responsibilities for the operation of the pro-
16 gram, project, or activity discriminates with respect
17 to the program, project, or activity because of race,
18 religion, color, national origin, sex, or disability.

19 “(2) ENFORCEMENT.—The powers, remedies,
20 and procedures set forth in title VI of the Civil
21 Rights Act of 1964 (42 U.S.C. 2000d et seq.) may
22 be used by the Secretary to enforce paragraph (1).

23 “(l) ALLOTMENTS.—

24 “(1) DEFINITION OF STATE.—In this section,
25 the term ‘State’ means each of the 50 States, the

1 District of Columbia, Guam, and the Virgin Islands
2 of the United States.

3 “(2) STATE ALLOTMENT.—

4 “(A) IN GENERAL.—Except as provided in
5 subparagraph (B), from the amounts made
6 available under section 18 of this Act for each
7 fiscal year, the Secretary shall allot to each
8 State participating in the program established
9 under subsection (a) an amount that is equal to
10 the sum of—

11 “(i) the greater of, as determined by
12 the Secretary—

13 “(I) the total dollar value of all
14 benefits issued under the food stamp
15 program established under this Act by
16 the State during fiscal year 2003; or

17 “(II) the average per fiscal year
18 of the total dollar value of all benefits
19 issued under the food stamp program
20 by the State during each of fiscal
21 years 2001 through 2003; and

22 “(ii) the greater of, as determined by
23 the Secretary—

24 “(I) the total amount received by
25 the State for administrative costs and

1 the employment and training program
2 under subsections (a) and (h), respec-
3 tively, of section 16 of this Act for fis-
4 cal year 2003; or

5 “(II) the average per fiscal year
6 of the total amount received by the
7 State for administrative costs and the
8 employment and training program
9 under subsections (a) and (h), respec-
10 tively, of section 16 of this Act for
11 each of fiscal years 2001 through
12 2003.

13 “(B) INSUFFICIENT FUNDS.—If the Sec-
14 retary finds that the total amount of allotments
15 to which States would otherwise be entitled for
16 a fiscal year under subparagraph (A) will ex-
17 ceed the amount of funds that will be made
18 available to provide the allotments for the fiscal
19 year, the Secretary shall reduce the allotments
20 made to States under this subsection, on a pro
21 rata basis, to the extent necessary to allot
22 under this subsection a total amount that is
23 equal to the funds that will be made available.”.

**TITLE VII—ABSTINENCE
EDUCATION**

**SEC. 701. EXTENSION OF ABSTINENCE EDUCATION PRO-
GRAM.**

(a) EXTENSION OF APPROPRIATIONS.—Section 510(d) (42 U.S.C. 710(d)) is amended by striking “2002” and inserting “2008”.

(b) ALLOTMENT OF FUNDS.—Section 510(a) (42 U.S.C. 710(a)) is amended—

(1) in the matter preceding paragraph (1), by striking “an application for the fiscal year under section 505(a)” and inserting “, for the fiscal year, an application under section 505(a), and an application under this section (in such form and meeting such terms and conditions as determined appropriate by the Secretary),”; and

(2) in paragraph (2), to read as follows:

“(2) the percentage that would be determined for the State under section 502(c)(1)(B)(ii) if the calculation under such section took into consideration only those States that transmitted both such applications for such fiscal year.”.

(c) REALLOTMENT OF FUNDS.—Section 510 (42 U.S.C. 710(a)) is amended by adding at the end the following new subsection:

1 “(e)(1) With respect to allotments under subsection
2 (a) for fiscal year 2004 and subsequent fiscal years, the
3 amount of any allotment to a State for a fiscal year that
4 the Secretary determines will not be required to carry out
5 a program under this section during such fiscal year or
6 the succeeding fiscal year shall be available for reallocation
7 from time to time during such fiscal years on such dates
8 as the Secretary may fix, to other States that the Sec-
9 retary determines—

10 “(A) require amounts in excess of amounts pre-
11 viously allotted under subsection (a) to carry out a
12 program under this section; and

13 “(B) will use such excess amounts during such
14 fiscal years.

15 “(2) Reallocations under paragraph (1) shall be made
16 on the basis of such States’ applications under this sec-
17 tion, after taking into consideration the population of low-
18 income children in each such State as compared with the
19 population of low-income children in all such States with
20 respect to which a determination under paragraph (1) has
21 been made by the Secretary.

22 “(3) Any amount reallocated under paragraph (1) to
23 a State is deemed to be part of its allotment under sub-
24 section (a).”.

1 (d) EFFECTIVE DATE.—The amendments made by
 2 this section shall be effective with respect to the program
 3 under section 510 for fiscal years 2004 and succeeding
 4 fiscal years.

5 **TITLE VIII—TRANSITIONAL**
 6 **MEDICAL ASSISTANCE**

7 **SEC. 801. EXTENSION OF MEDICAID TRANSITIONAL MED-**
 8 **ICAL ASSISTANCE PROGRAM THROUGH FIS-**
 9 **CAL YEAR 2004.**

10 (a) IN GENERAL.—Section 1925(f) (42 U.S.C.
 11 1396r–6(f)) is amended by striking “2002” and inserting
 12 “2004”.

13 (b) CONFORMING AMENDMENT.—Section
 14 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)) is amended by
 15 striking “September 30, 2002” and inserting “the last
 16 date (if any) on which section 1925 applies under sub-
 17 section (f) of that section”.

18 (c) EFFECTIVE DATE.—The amendments made by
 19 this section shall take effect October 1, 2003.

20 **SEC. 802. ADJUSTMENT TO PAYMENTS FOR MEDICAID AD-**
 21 **MINISTRATIVE COSTS TO PREVENT DUPLICA-**
 22 **TIVE PAYMENTS AND TO FUND EXTENSION**
 23 **OF TRANSITIONAL MEDICAL ASSISTANCE.**

24 Section 1903 (42 U.S.C. 1396b) is amended—

1 (1) in subsection (a)(7), by striking “section
2 1919(g)(3)(B)” and inserting “subsection (x) and
3 section 1919(g)(3)(C)”; and

4 (2) by adding at the end the following:

5 “(x) ADJUSTMENTS TO PAYMENTS FOR ADMINISTRA-
6 TIVE COSTS TO FUND EXTENSION OF TRANSITIONAL
7 MEDICAL ASSISTANCE.—

8 “(1) REDUCTIONS IN PAYMENTS FOR ADMINIS-
9 TRATIVE COSTS.—Effective for each calendar quar-
10 ter in fiscal year 2004 and fiscal year 2005, the Sec-
11 retary shall reduce the amount paid under sub-
12 section (a)(7) to each State by an amount equal to
13 45 percent for fiscal year 2004, and 80 percent for
14 fiscal year 2005, of one-quarter of the annualized
15 amount determined for the medicaid program under
16 section 16(k)(2)(B) of the Food Stamp Act of 1977
17 (7 U.S.C. 2025(k)(2)(B)).

18 “(2) ALLOCATION OF ADMINISTRATIVE
19 COSTS.—None of the funds or expenditures de-
20 scribed in section 16(k)(5)(B) of the Food Stamp
21 Act of 1977 (7 U.S.C. 2025(k)(5)(B)) may be used
22 to pay for costs—

23 “(A) eligible for reimbursement under sub-
24 section (a)(7) (or costs that would have been el-

1 igible for reimbursement but for this sub-
2 section); and

3 “(B) allocated for reimbursement to the
4 program under this title under a plan submitted
5 by a State to the Secretary to allocate adminis-
6 trative costs for public assistance programs;
7 except that, for purposes of subparagraph (A), the
8 reference in clause (iii) of that section to ‘subsection
9 (a)’ is deemed a reference to subsection (a)(7) and
10 clause (iv)(II) of that section shall be applied as if
11 ‘medicaid program’ were substituted for ‘food stamp
12 program’.”.

13 **TITLE IX—EFFECTIVE DATE**

14 **SEC. 901. EFFECTIVE DATE.**

15 (a) IN GENERAL.—Except as otherwise provided, the
16 amendments made by this Act shall take effect on the date
17 of the enactment of this Act.

18 (b) EXCEPTION.—In the case of a State plan under
19 part A or D of title IV of the Social Security Act which
20 the Secretary determines requires State legislation in
21 order for the plan to meet the additional requirements im-
22 posed by the amendments made by this Act, the effective
23 date of the amendments imposing the additional require-
24 ments shall be 3 months after the first day of the first
25 calendar quarter beginning after the close of the first reg-

1 ular session of the State legislature that begins after the
2 date of the enactment of this Act. For purposes of the
3 preceding sentence, in the case of a State that has a 2-
4 year legislative session, each year of the session shall be
5 considered to be a separate regular session of the State
6 legislature.

Passed the House of Representatives February 13,
2003.

Attest:

JEFF TRANDAHL,
Clerk.